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21 September 1983

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No. 2825

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AL-AHALI MARKS EGYPTIAN-SOVIET RELATIONS ANNIVERSARY

PM291133 [Editorial Report] Cairo AL-AHALI in Arabic 24 August 1983 publishes on page 2 a 2,500-word feature entitled "Forty Years of Egyptian-Soviet Relation" to mark the 40th anniversary of the establishment of diplomatic relations between Egypt and the Soviet Union.

The introduction to the feature says: "Since the 23 July revolution, Egyptian-Soviet relations--first established under the Wafd government in 1943--have been associated with issues, development building an independent national economy, and the fight for national liberation, political independence, and social progress. These relations have also been associated with the tremendous victories the Egyptian national liberation movement achieved under 'Abd-al-Nasir's leadership in confronting Arab reaction and U.S. imperialism and its allies, whose efforts to turn Egypt into a subservient and ineffectual state in its Arab environment have never ceased.

"The experience of the past 13 years has proved that the persistent attempts to stir up differences between us and the Soviet Union benefit only those who profit from the collapse of the Egyptian economy, the loss of its independence, and the entry of Egypt and the whole Arab area into the era of Israeli hegemony.

"In the following lines are extracts from testimonies by four men who participated in shaping these relations or were witness of associated events. None of them was even known to be inclined toward the Soviet Union or was a friend of the Soviets. These testimonies were compiled by three Egyptian writers--Muhammad 'Awdah, Philip Jallab, and Sa'd Kamil--in a book published in 1975 entitled 'The Story of the Soviets in Egypt'."

The introduction is followed by extracts from undated articles or statements by former Prime Minister 'Abd-al-'Aziz Hajazi on the principles on which Egyptian-Soviet relations were established, citing major economic projects executed in Egypt and Soviet help; by former Prime Minister Dr 'Aziz Sidqi, also referring to development projects carried out with the help of the Soviets and citing Soviet assistance in enabling Egypt to fight the 6 October 1973 war and cross the Suez Canal; by former national security adviser Hafiz Isma'il,

discussing the development of the Egyptian armed forces with Soviet material and technical aid and planning, and by Muhammad Hasanayn Haykal, discussing the question of striking a balance in Egypt's relations with the Soviet Union and the United States in dealing with the Middle East problem, but stressing that "The Soviet Union is unquestionably our number one friend if the matter is viewed only from the standpoint of security, let alone of the necessities of development," and concluding that "only the Soviet Union can give us a complete defense system."

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AL-SA'ID ON TRADE WITH IRAQ, ECONOMIC SITUATION

PM301425 Cairo MAYU in Arabic 22 Aug 83 p 3

[Interview with Egyptian Minister of Economy Dr Mustafa al-Sa'id by 'Abd-al-'Azim Basil in Cairo: "Egypt now in Safe Zone With Regard to Debts; Egyptian-Iraqi Economic Agreement an Open Invitation to all the Arabs; Iraq Is Open to Egypt"--date not specified]

[Excerpts] Minister of Economy Dr Mustafa al-Sa'id's visit to Iraq was important for two reasons: First because it was the first official visit to Iraq by an Egyptian official, and second, because it dealt with important economic matters such as the signing of an economic agreement between the two countries. Also, the agreement, as the minister said, is an open invitation to all the Arabs to differentiate between economic problems and political issues and not to allow differences to affect economic matters. The agreement with Iraq is an expression of the idea of Arab solidarity and reflects the need for its continuation. Immediately upon his return from Iraq MAYU had the following interview with him.

Dr Mustafa al-Sa'id told MAYU that an investment and development company has been set up for Egyptians working abroad. The company has been set up with Egyptian contributions. As an investment company, it has total freedom to invest in any field such as contracting, tourism, food production, and industry.

The minister said that there are still inflationary pressures which are causing price increases, but the rate of increase this year is less than last year. We are absorbing inflation while rectifying the position of the public sector so that its companies do not become unprofitable. We are also trying to ease the burden of subsidies on the budget.

Speaking about the Egyptian-Iraqi economic agreement, the minister said that the importance of resuming economic relations between Egypt and Iraq underlines several important facts, including the fact that Arab cooperation and solidarity are not affected by transient decisions. The resumption of trade relations between the two countries is a ray of hope in the midst of the fragmentation and disarray from which the Arab world is suffering. This situation places a major responsibility on invitation to all the Arab countries to deal with economic issues separately from political disagreements and as

an independent matter that should not be affected by disputes over other issues. What we have achieved is not a mere import-export agreement valued at \$35 million for each country; the agreement is primarily an expression of the idea of Arab solidarity and the need for it to continue and to transcend all obstacles and difficulties.

Speaking about his talks in Baghdad, he said that they dealt with economic, financial, and commercial matters between the two countries. The purpose is to expand trade between the two countries. Agreement was reached to conclude an equal deal between the two sides under which each country will export to the other \$35 million worth of goods. Egypt will export to Iraq yarns and textiles, while Iraq will export to Egypt sulfur and phosphate fertilizers. The agreement is valid through June 1984.

Speaking about the need to adhere to the policy of subsidy, he said that prices throughout the world are not constant; they always tend to rise. Inflation in the Egyptian economy is caused by various factors, including the budget deficit, the increase in money supply in relation to production, rising rates of consumption and new consumption patterns. On the other hand we are trying to absorb this inflation. This is evident from the fact that we have reduced the [increase in the] money supply from 43 percent to 29. Efforts are also being made to rationalize imports and reduce the budget deficit. There are still inflationary pressures which are causing price rises, but the increase this year is less than last year.

The minister said that the Egyptian economy is still trying to lessen the impact of the reduction in oil revenues. Because of this reduction we are expecting foreign currency income to drop by \$500 million, which we are trying to compensate for by increasing exports of other goods and taking several measures to encourage exports, but it will be 1 year before we can judge whether these measures are effective or not.

Concluding, the minister spoke about the safety zone. He said that in the language of economics this means that the instalments of state debts, including interest on them, do not exceed 25 percent of the total exports of the borrowing state. This is what is meant by: "The loans are not beyond the safety zone." The situation with regard to Egypt does not exceed 18 percent of our export revenues, so there is room for borrowing as long as the proportion of loans and the interest on them are less than the total [as published] export revenue. Therefore we aim to borrow 6 billion pounds in order to complete the 5-year plan projects, and as long as these loans are spent on investment projects there is no danger from state borrowing.

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FOREIGN MINISTER ON BILATERAL RELATIONS

TA071556 Tel Aviv 'AL HAMISHMAR in Hebrew 7 Sep 83 Supplement pp 18, 19, 20

[Article by 'Anan Safadi, including an interview with Egyptian Foreign Minister Kamal Hasan 'Ali; date and place not given: "The Forgotten Peace"]

[Excerpts] "On the occasion of the Jewish New Year, I wish the people of Israel a year of security and stability. I hope that the new year will bring a comprehensive and just peace to the entire region, peace that will enable the region's people to dedicate their time to construction and prosperity in the framework of coexistence in peace and security." This is how Egyptian Foreign Minister Kamal Hasan 'Ali concluded a dialogue with 'AL HAMISHMAR on the bilateral relations issue.

[Safadi] What about the Egyptian ambassador's absence from the Egyptian Embassy in Israel?

['Ali] "You must recall that the Egyptian ambassador was recalled in the context of what was occurring in Lebanon. I think that if Israel initiates a positive move toward consolidating a schedule, which can be implemented and which will guarantee a complete withdrawal of Israeli forces from Lebanon, it will be possible to break the deadlock on the ambassador issue. I would like to note that the issue of the ambassador's return is intentionally blown out of proportion while the fact that our embassy in Tel Aviv exists and operates as usual is ignored."

[Safadi] Well then, does the absence of the ambassador have implications for the system of bilateral relations?

['Ali] "Our contacts with the Israeli Government are conducted through the usual diplomatic channels. Our embassy in Tel Aviv is maintaining normal contacts like any embassy anywhere in the world and our contacts with Israel continue. Here in Cairo we meet with Israel's ambassador whenever necessary."

[Safadi] What about the Egyptian people?

['Ali] "The Egyptian people received the peace treaty with a great deal of enthusiasm and the Egyptian policy to work for the implementation of just and comprehensive peace in the Middle East was welcomed. The Egyptian people viewed the peace treaty as part of a comprehensive settlement intended to end the Arab-Israeli conflict, based on withdrawing from the Arab territories occupied in 1967 and providing a thorough solution to the Palestinian problem, which is the crux of the Middle East conflict. The peace process is indeed frozen today due to the developments in the region, mainly the invasion of Lebanon which undermined the hopes for an overall peace."

[Safadi] What moves is Egypt proposing for again fostering these hopes?

['Ali] "I think that the immediate goal is the implementation of an Israeli withdrawal from Lebanon so as to allow this country to rehabilitate itself without any outside intervention. Israeli compliance with such a demand may create a positive atmosphere and prepare the ground for a discussion of the foundations for a just and overall settlement in the Middle East, including the solution of the Palestinian problem."

"There will be no way out of a solution to this problem on the basis of the principle of self-determination, which is a sacred right of the Palestinian people whose daily suffering under the shadow of occupation has lately aroused concern all over the world."

"Israel's actions in the occupied territories, including the policy of settlement and deportation of elected mayors as well as other oppressive measures, constitute a blow to the peace process and a powder keg, which is a basis for terrorism in the entire region."

"It should be noted that the Golan Heights is an Arab territory occupied in 1967 and to which UN Security Council Resolution 242 applies. The handling of the Golan issue is one of the components of the overall settlement of the Israeli-Arab conflict."

[Safadi] For the promotion of an overall settlement, the question is whether Egypt has met all its commitments in the framework of the Camp David accords?

['Ali] "Egypt is a country which honors international treaties and the commitments stipulated in them. I do not accept any claim which casts doubt on Egypt's adherence to the Camp David accords. On the plane of bilateral relations, diplomatic and consular relations have been established between the two countries. In addition, a commercial agreement as well as agreements in the spheres of tourism, culture, and maritime traffic have been signed and all of this follows the principles of the peace treaty and its addenda."

"As for the autonomy issue, Egypt conducted bone fide negotiations with Israel for the establishment of self-administration in the occupied territories, but Israel's actions in the occupied territories on the one hand, and the interpretations it gave to the nature of autonomy—which run counter to the principles laid down in the Camp David accords—and on the other hand, led to the torpedoing of the peace process. There is a thick file which can point out, if and when necessary, who of the two parties failed to fulfill its commitments."

[Safadi] It is claimed that on the popular level, the consistent advancement of the peace process has mainly been due to Israel's initiative.

['Ali] "The link between the two peoples did not result from the initiative of one side. The link began when the peace agreement was signed, and perhaps even earlier with the many visits exchanged between journalists, artists, and intellectuals. Following the normalization moves after the signing of the peace accord, tourism began, which has strengthened the contact between the two peoples.

"However, the Israeli Government's positions and the steps it took, including the invasion of Lebanon, have left a negative impression on the Egyptian people, who are keen, sensitive, and capable of properly evaluating any political move. As you know, relations between peoples cannot be promoted by government decrees. The strengthening of ties is for the people to decide, and they determine their position after reflecting on actions by the other side."

[Safadi] On the surface, it is indeed difficult to find evidence of tensions in bilateral relations. The 30,000 Israelis who received entry visas for Egypt between January and August this year would seem to indicate that all is as it should be. The visits to Egypt last month by Energy Minister Yitzhaq Moda'i and former Defense Minister 'Ezer Weizman also indicate that bilateral contacts are being conducted as they should. Weizman even returned with a message from Egyptian President Husni Mubarak for Prime Minister Menahem Begin.

On the public level, the warmth the Egyptians have shown those coming from "Isr'el" since the signing of the peace agreement has hardly diminished, though it is impossible to ignore the reservations the Egyptians harbor today regarding the strengthening of bilateral relations.

An Egyptian intellectual named Karim (Al-Rawi) wrote recently that both sides should move cautiously toward furthering their relations "following a long period of open hostility." Of course, he immediately pointed out that caution is not the only reason for the Egyptians' apathy and their refraining from visiting Israel. (Al-Rawi) recounted that during a short visit to Israel, he witnessed incidents in Hebron and Bi'r Zayt, and he sees the Israeli Government policy in the territories as the source of the Egyptians' apathy. His conclusion is that until the Israeli Government acts to restrain the settlers and establish coexistence with the Arabs in the territories, the Egyptians cannot be expected to become warmer.

The Egyptian acting ambassador to Israel, Muhammad Basyuni, regards the situation in the territories as one of the three main elements that have muddled relations between the two peoples. The other two elements are the war in Lebanon, and the conflict between the two countries over the disputed border strip in Tabah. "As far as Egypt is involved, peace is an irrevocable strategic aim, and not a 'tactical move,'" Basyuni emphasized. Basyuni, a veteran soldier who, during his diplomatic career, also served in Syrian President Hafiz al-Asad's court, continued: "However, by itself, the peace between Egypt and Israel does not guarantee a lasting peace. Until the Palestinian problem is solved, lasting peace cannot be expected between Israel and any of the confrontation states."

FOREIGN MINISTER STATEMENT TO AL-WATAN AL-'ARABI

NC261600 Cairo MENA in Arabic 1320 GMT 26 Aug 83

[Text] Paris, 26 Aug (MENA)—Deputy Prime Minister and Foreign Minister Kamal Hasan 'Ali denounced the Libyan intervention in Chad. He added that Egypt has strongly opposed this intervention because it creates instability throughout the African Continent.

In a statement which was published today by the Paris-based Arabic language magazine AL-WATAN, 'Ali expressed his hope that the Chadian dispute would not affect the neighboring states, that reason and logic would dominate the conflicting parties and that Chad would be allowed to solve its internal problems without any foreign threat or intervention.

Concerning Sudan 'Ali said: There are very close ties binding Egypt and Sudan. Any threat against Sudan will be regarded as a threat to Egypt. He added that Egypt will face such a threat by all possible means in accordance with the joint defense treaty between both countries.

On the Israeli withdrawal from Lebanon, 'Ali said that the Israeli intransigence is impeding the realization of the Security Council resolutions which stipulate the immediate Israeli withdrawal from the Lebanese territories.

He added that the declared Israeli objective regarding its invasion of Lebanon was to get the Palestinian resistance out of southern Lebanon in order to safeguard the Israeli northern borders, but after having achieved this aim, the invasion forces proceeded toward Beirut; afterward, Israel made its withdrawal from Lebanon conditional on a simultaneous Syrian withdrawal, despite the clear difference in the conditions and circumstances through which both the Syrian and Israeli forces have entered Lebanon.

'Ali pointed out that the Israeli presence in south Lebanon is unjustifiable, particularly when a capable Lebanese Army has been formed in order to restore and safeguard south Lebanon against any operations that might be conducted against the Israeli territories.

He added that what is being reported regarding the Israeli partial withdrawal from Lebanon and disengagement of forces in Al-Biqa' are signs of procrastination

in fulfilling comprehensive withdrawal, a matter which will lead to the continuation of tension and which necessitates taking clear and constructive Arab stands.

In his statement, 'Ali affirmed that the dangers and circumstances currently surrounding the Arab area demand an aware Arab coordination of the broad lines which should be adopted by the Arab states in their policies vis-a-vis these dangers. He added that the absence of this coordination and the confusion of Arab policies regarding the various positions increase the acuteness of these threats.

'Ali said that Egypt recently started a wide diplomatic move within the framework of its eagerness to realize Arab solidarity when it made clear the necessity and the need for a joint Arab move in order to face the crises through which the Arab nation is currently passing. This Egyptian move is represented in President Mubarak's messages to Sudanese President Numayri and also in the Egyptian economy minister's visit to Baghdad where he handed another message from President Mubarak to Iraqi President Saddam Husayn as well as in the two messages which were sent by President Mubarak to Jordanian King Husayn and to Lebanese President Amin al-Jumayyil.

In his statement, 'Ali reviewed the Egyptian visualization of the Iraqi-Iran war. He pointed out that this dispute cannot be settled through a military solution, particularly as the situation on the battlefield has reached a state of exhaustion. The exhaustion of both peoples resources has become the feature dominating military operations together with the continuation of the state of instability in the area.

The Egyptian foreign minister indicated that Egypt has exerted intensive efforts to avoid the continuation of this war either through offering its mediation or through its bilateral contacts, but it seems that the Iranian leadership is not yet ready to accept a peaceful settlement.

'Ali called on the Arab, Islamic and nonaligned states to exert their efforts and to exercise their role either at bilateral or collective levels in order to put an end to this war and to reach a peaceful settlement to this dispute.

In his statement, 'Ali also reviewed Egyptian diplomacy's efforts for the restoration of Tabah. He said that Egypt is tackling the technical conflict over Tabah in accordance with the means provided for in the treaty regarding the settlement of disputes between both parties.

He pointed out that Egypt is taking preparations for subjecting this matter to conciliation and arbitration. He added that the results will be in our favor.

On the danger threatening the area in the event that the Middle East problem is frozen due to the U.S. elections, 'Ali affirmed that it will be a big mistake if the Middle East problem is subjected to a freeze, because the halt of the peace march means that matters will be subjected to deterioration, a matter which will add more complications to the situation.

The foreign minister asked: How can we, for instance, leave the situation in Lebanon to be settled by temporary solutions. How can we postpone the final solution? How can we disregard the Israeli practices in the West Bank and Gaza, a matter which creates more tension.

SOCIALIST LABOR PARTY DELEGATION'S VISIT TO IRAQ DETAILED

Cairo AL-SHA'B in Arabic 21 Jun 83 p 7

[Article by Ibrahim Yunis: "Report on Socialist Labor Party Delegation's Trip and Discussions With Iraqi Leaders"]

[Text] The trip was short but it had lasting effects. Although only 3 days in duration, with one day for travel each way, a considerable amount of work was condensed from the outset. There were long talks, dispute and agreement, then agreement and dispute; agreement on the policy of the two national socialist parties: the Socialist Labor Party, and the Arab Socialist Ba'th Party in Iraq. Because we inform our people of everything, we offer this report to the people.

From the first moment we arrived in Baghdad at midnight on Saturday, 4 June 1983, we were met at the airport by a delegation from the national leadership, who had invited us. Talks began with a delegation of national and regional leaders, headed by Prof Sa'd Qasim Hamudi, leader of Iraqi journalists, head of the Arab Journalists Federation, editor-in-chief of the Iraqi newspaper AL-THAWARAH, former minister of information, and a member of the national and regional leadership, the highest authorities in Baghdad. He is an old friend of Prof Ibrahim Shukri, an associate since the early 1970's. He is well known for his love for Egypt and Egyptians. Also present were Prof 'Ali Faras, an official from the Egypt Office of the National Leadership, and some other brethren and friends from the national leadership.

There was a warm greeting at the door of the airplane. We had a brief moment to sit and rest at the airport while formalities were completed, and then the talks and discussions began. The subject of the moment was what happened in the Arab Journalists Federation. No one publicized what Sa'd Qasim said regarding the facts about the contents of the article by Prof Jalal 'Arif, a member of the Journalists Union Council, the week before last in the newspaper AL-SHA'B.

We left the airport for al-Rashid Hotel, which was chosen last year as the home for kings and presidents when the nonaligned conference was held in Baghdad.

In the morning we met with First Deputy Prime Minister Taha Yasin Ramadan, commander of the People's Army, head of the government as representative of President Saddam Husayn, a member of the national leadership, and supervisor of the Office for Egypt and Relations With Egypt.

After a warm welcome, an exchange of expression of appreciation for Egypt's position since the dawn of history, its Arab identity and its sacrifices, and Iraq's desire for that, Prof Ibrahim Shukri replied by confirming the feelings of Egyptians toward Iraq, which treats hospitably all Egyptians who come there, places no obstacles before them, and trusts them all.

Our National Party Since 1933

He said: "Mr Deputy Prime Minister, our former party Young Egypt, from which the Socialist Party later emerged, was the first school for the fighters of the Labor Party. In the late 1930's, its most prominent fighter and the pride of its expert freedom fighters, the great Dr Mustafa al-Wakil, deputy leader of the party, went to Iraq as a university professor for pure mathematics. No sooner had he arrived on Iraqi soil than Rashid 'Ali al-Kilani's revolution against British imperialism was launched. He joined it and became its spokesman. When the revolution was thwarted by the conspiracies of imperialism, he left Baghdad with Rashid 'Ali al-Kilani, Amin al-Husayni, and many Arab freedom fighters who had joined the revolution, traveling to Iran and then to Turkey, as imperialism pursued them. They finally took refuge in Germany, and there our hero was killed by English bombs as he sat in the Islamic Institute in Berlin speaking, lecturing and reading the Holy Koran at the end of 1944.

"Our party was the first party in Egypt to call for Arab unity and to offer martyrs for that cause, especially in the battles of Palestine in 1948, in which we offered 2,000 armed freedom fighters."

Second Meeting

The second meeting was held that evening at the Iraqi National Assembly, which is the elected parliament of Iraq, at a long session with its head Na'im Haddad and representatives of the parliamentary blocs, especially the Kurds. On the other side of the table sat the Labor Party delegation: Chairman Ibrahim Shukri, Fu'ad Nasha, Ibrahim Yunis and Mamduh Qanawi.

Assembly President Na'im Haddad said: "Welcome. We welcome you in the name of the National Assembly. We appreciate your nationalist positions, of which we are well aware, and we value your popularity in Egypt and your advocacy of nationalist issues.

"We are familiar with your nationalist positions. We have known of your positions since Camp David and your declaration of your views on Camp David and on aggression against Iraq, represented by the attack on the Iraqi nuclear reactor by Zionist and imperialist forces. Above all, we commemorate the great Egyptian people, their nationalist struggle, and their great and continuous sacrifices throughout history. Permit me to tell you a chapter from recent history which expresses our true feelings toward Egypt and its people. It clears up the picture and eliminates confusion.

"I accompanied President Saddam Husayn to Saudi Arabia after al-Sadat's visit to Jerusalem, which was condemned by us and the whole Arab world. Our first goal was to keep Saudi Arabia from being dragged into the Camp David plan.

We asked Prince Fahd to contact President al-Sadat, acting for us, and tell him that we were willing to offer \$5 billion to support the Egyptian economy for a period of 10 years if he would not sign an agreement weakening the Arabs, tearing apart their ranks, and making Israel the master in the region. However, Prince Fahd begged off this mission, perhaps because he knew that al-Sadat would not accept. President Saddam pleaded with Prince Fahd again, but he found it a difficult task. He seemed to know that the operation had ended and our efforts were futile. We extended an invitation to Saudi Arabia to attend the Baghdad Conference and then contacted Jordan, which was passing through the most difficult circumstances. At that time we stopped Camp David from spreading to areas other than Egypt, before the Baghdad Summit Conference was held.

"The Baghdad Summit convened, and some Arab leaders wanted to isolate Egypt's government and people. We, who had called for the summit, felt that we differed with the regime, but vital links had to remain between our people and the people of Egypt. We thwarted the plan to bring pressure to bear on the Egyptians until they brought down their government, because we have no enmity toward the Egyptian people.

"The resolutions adopted at the Baghdad Summit do not include a resolution against the Egyptian people. Instead, we encircled their government so that it would not bring down other governments. We made room for Egyptian companies which do not deal with Israel. In Iraq even now there are dozens of Egyptian companies participating with us in Iraq's new movement, only because they do not deal with Israel.

"After al-Sadat's death and the arrival of President Mubarak, the picture changed. President Mubarak came on the scene, and we have been following his steps and statements about the Iranian aggression against Iraq. Indeed, he was not content with statements but set about supplying Iraq with arms so that an Arab nationalist country would not fall.

"We value President Mubarak's role at home and abroad. First, his dealings with the Arabs and the withdrawal of the Egyptian army from along the Libyan border: are these not positive actions? Not making use of the Egyptian army to attack Arabs, is that not a positive step? Egypt is beginning to reclaim its role in the nonaligned movement and its positive international role, is that not a positive action?

"We have followed your position in the Labor Party with great appreciation since you made your declaration about raising a million Egyptian flags to confront one Israeli flag in Egypt. We noted your call for the large conference in which all of the Egyptian opposition and the nationalist forces participated to protest the attack on the Iraqi reactor, and your position with regard to the party in Lebanon with the rest of the forces opposing the Zionist imperialist aggression against its sister state, where the Palestinian revolution has begun to establish a position of resistance. We have great esteem for your positions.

"All of this makes us look on the bright side. We are trying to deepen any positive step taken by President Mubarak. We are trying to free Egypt from the effects of the Camp David agreements, which were behind what happened in Lebanon, and even return Egypt to the Arab ranks as leader and guide, restoring it to its first place, which no one is filling. For our part, we are working on the necessity of opening Egypt for our people, both our people in Egypt and our people in Iraq.

"At the Arab Parliamentary Conference held in Baghdad recently, Syria and Libya protested because we invited representatives of the Egyptian opposition. However, no Egyptian representatives attended.

"We feel very deeply that Iraq, after Egypt, is the target of the major powers, because our interrupted growth and arrested development keeps us a weak state. With all of the conditions through which we are passing, we have eliminated illiteracy in most of our people. Any citizen under 45 now can read and write.

"We have found a sound, democratic solution to the Kurdish problem. You see our brothers who represent the Kurds in the National Assembly, and I would mention the Kurdish vice president.

"We have solved the problem of national unity. The economic level of the people has risen. We now have an Arab army whose training, weapons and faith we can brag about to the world. Our petroleum resources are being developed by a modern, advanced industry. We have free education for all.

"There is no unemployment among the Iraqi people, with the proof of the labor which comes to us from the Arab countries. Indeed, we say that we have no unemployed people in Iraq, either Iraqi or non-Iraqi. Citizens unable to work and widows receive monthly payments."

This is part of Na'im Haddad's speech. We have no room for his remarks about the Iranian-Iraqi war.

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CSO: 4504/457

EGYPT

EGYPTIANS INTERVIEWED ON FATAH RIFT

NC281050 North Lebanon Voice of Palestine in Arabic 0500 GMT 28 Aug 83

[Text] In an attempt to explore the views and opinions of the men of religion and politicians in Egypt on what is happening within Fatah, AL-TADAMUN magazine interviewed several men of religion and came back with these stands and views.

AL-TADAMUN first interviewed Al-Azhar officials and the Muslim Ulema. What is the stand of Islam on the rebellion and dissension with in the PLO? All those interviewed, including the grand imam and Al-Azhar rector, the mufti of Egypt and senior Ulema condemned the dissension and rebellion. They agreed that the Muslim leaders must intervene to resolve the disagreement in the interest of the Palestinian question because the Israeli enemy, who seeks to pounce on the Muslims, is the only one to benefit from all these differences.

The grand imam, Shaykh Jadd al-Haqq 'Ali Jadd al-Haqq, said: All Muslims regret the mutiny in the ranks of the Palestinians because it weakens this faction which is defending its rights. He added: The Zionist enemy [words indistinct]. The situation is not in the interests of the Arabs and the Muslims. He further said: The Muslim kings and presidents are now demanded to rush to save the Palestinians from those who create dissension in their ranks. He went on: The Muslims are being invaded from within. Their enemies are spreading destructive ideas among them and they want them to possess the arms with which to fight each other in order to weaken their strength and loot their property.

The Al-Azhar rector asked: Where is the Arab League and what is its position on this situation? Where is the Islamic conference and what is its stand on this affliction?

Shaykh 'Abd-al-Latif Hamzah, the mufti of Egypt, appealed to all to work for uniting the Muslims against their treacherous enemy, who is trying to create division and dissension among them in order that they may not regain their lost rights.

Dr Jamal-al-Din Mahmud, the secretary general of the Higher Council for Islamic Affairs, said that Islam accepts no excuse for those who stir sedition which tears asunder the unity of a Muslim people struggling to regain their homeland.

The government's opinion: After recording the opinion of the mufti of Egypt in the holy Al-Azhar, AL-TADAMUN recorded the views of the political forces in Egypt. At the beginning, a reference must be made to what Kamal Hasan 'Ali, to deputy prime minister and foreign minister, said to the effect that the Egyptian Foreign Ministry issued urgent instructions to all the Egyptian ambassadors in the world capitals, particularly in the EC states capitals, demanding the governments of these capitals to support the Palestinian question and the PLO's legitimate leadership in its capacity as the sole legitimate representative of the Palestinian people. These instructions stress that the recent rift in Fatah does not affect the essence of the Palestinian question and demand Europe to shoulder its responsibility in establishing peace in the area and realizing the legitimate demands of the Palestinian people.

Muhammad Rashwan, the minister of state for the people's assembly and consultative council affairs and the government's spokesman at the Egyptian parliament said: The Egyptian Government considers the PLO as the legitimate, revolutionary and legal representative of the Palestinian people. More than 70 states and a large number of the international organizations as well as the United Nations and the OAU have recognized the PLO. Furthermore, the PLO attends as observer the meetings of the Security Council and the United Nations. This revolutionary Palestinian structure is what kept the Palestinian question alive in the conscience of the entire world. He added: Egypt views the destruction of this structure as a pan-Arab crime. Israel alone will benefit from these conflicts.

Minister Rashwan further said: Egypt has always been aware of its Arab responsibilities. The situation has reached a stage requiring an urgent role by the Arab nation to mend the rift and unite the ranks because what is happening now is a process of aborting the Palestinian question. What is strange is that the Arab world appears now to be preoccupied with the conflicts within it at a time when Israel is implementing its plans to destroy the Palestinian people in the West Bank and Gaza sector.

The National Progressive Union Group--Khalid Muhyi al-Din, the secretary general of the National Progressive Union Group Party, said that the party considers the PLO as the sole legitimate representatives of the Palestinian people. Therefore, he gives the PLO the right to adopt the political decisions which it considers befitting the interests of the Palestinian people. He also said: We reject any interference in the PLO's affairs. Such an interference will detract from the independence of the political decision.

Muhyi al-Din went on: We consider Fatah as the backbone of the PLO and of the Palestinian revolution. Fatah's unity is essential for the success of the Palestinian revolution. Regardless of all that might result from the conduct of the forces within Fatah, we believe that such issues can be resolved through Fatah's organizational channels. Fatah's unity is in itself a basic aim, which all must observe.

The Labor Party--Dr Muhammad Hilmi Murad, the secretary general of the opposition Labor Party, said: For the Palestinian revolution to succeed, efforts must be united to resolve the disagreement. It is natural that there should be a dispute and dissension in every political organization or body struggling for the sake of a national cause. The divergence of views in confronting the challenges is a healthy phenomenon which we must not fear or be appalled by its effects. The usual character of strugglers and fighters is emotionalism, enthusiasm and speed in making decisions. However, the ideas will be sifted and the stands will be corrected in the end.

Dr Murad added: I am not pessimistic over what is happening within the PLO. On the contrary, I believe that differences of groupings inside an organization, for example, over choosing the forces that support the revolution might lead to competition on providing the forces which best support the revolution. However, I differ only with those who prefer to conduct the dialogue with weapons. This is something which we disapprove of because it will lead to killing persons whose efforts should have been mobilized against the Israeli enemy --the common enemy.

The Liberal Party--Mustafa Kamil Murad, the leader of the opposition Liberal Party, said that his party repudiates the internal differences within the PLO and that utmost efforts must be exerted to rebuild the organization in a sound way enabling it to discharge its national duty on behalf of the Palestinian people. He added: Whatever the differences and the divergent views, they could be resolved to reach a unified plan which the PLO will follow to achieve its goals. The Arab nation has a national duty--it must mediate and settle the disagreement among the PLO's groups. Undoubtedly, this disagreement greatly jeopardizes the future of the Palestinian question. The disagreement's resolution has become a national aim. All Arab states, particularly Syria, which hosts some of the PLO's forces, must realize this aim. An agreement between Syria and the PLO's leaders is something essential and vital. The PLO's leaders must seek this agreement in order that matters may be put right.

An independent opinion--Fikri al-Jazzar, the independent member of the People's Assembly who represents the religious trend, said: Daily events prove the increasing acts of planting the seeds of dissension and disagreement among the PLO leaders for political objectives. I am very surprised that the Palestinian heroes have not realized this fact. The Palestinian question appears to the whole world in a picture which does not depict the greatness of this struggling people. He added: I expect understanding and unity to be restored among the PLO's groups in order to continue their struggle against the Israeli enemy.

Syria must take into consideration the fate of the Palestinian people. I appeal to the Palestinian leaders to stop the fighting.

CSO: 4500/268

OPPOSITION LEADER CRITICIZES EXERCISES, NDP

PM301420 Cairo AL-SHA'B in Arabic 23 Aug 83 p 3

['Atif Husayn report: "On Third Week of His Upper Egypt Tour Ibrahim Shukri Tells Abu Tij Masses: There Are Mafia Leaderships at Village, District, Governorate, and Republic Level"]

[Excerpts] Addressing the masses of the town of Abu Tij in Asyut Governorate, [Socialist Labor Party leader] Engineer Ibrahim Shukri spoke about democracy and the threats posed to it by the Mafia in the villages, towns, and governorates and throughout the republic. He said that the party claiming to have an overwhelming majority is using this majority to violate the rights of the Egyptian people instead of serving the broad masses.

He added: The ruling party leaderships constitute Mafia leaderships at village, town, district, governorate, and republic levels. They are all profiteers and they help some people to steal. It is not a party of principles and it is not Mubarak's party. It is a party of people who were brought together by their practices and who fortified themselves by using such methods. Fu'ad Muhyi al-Din is the maestro behind all this.

Shukri added: I urge President Mubarak to abandon those who want him to defend their lost causes. All these profiteers use President Mubarak and attribute everything to him. Fu'ad Muhyi al-Din says that the NDP is strong because it was organized by President Mubarak. How could this be, Muhyi al-Din? What did al-Sadat do, then?

Ibrahim Shukri then spoke about the Arab situation. He noted that the peace agreement isolated Egypt from its Arab brothers and that Israel, which had failed to divide the Arabs by war, tried using peace to achieve that objective and it succeeded. We saw how it invaded Lebanon and entered Beirut unopposed by any Arab regime, steadfast or otherwise. Where is Egypt? The October battles were an example of Arab unity. They united the entire Arab nation. What happened to all that? Israel has managed to neutralize Egypt and shackle it with the provisions of the treaty. The maximum Egypt could do was recall its ambassador from Israel. Now all kinds of pressures are being exerted for the return of the Egyptian ambassador to Israel.

He continued: We would be unfair to Israel if we did not mention the United States. There would have been no Israeli arrogance if it were not for the United States. That is why the Egyptian people are very concerned about the joint exercises. Armies which hold joint exercises join military alliances. The world today only hears about NATO exercises or Warsaw Pact exercises. Joint exercises by four armies of so-called nonaligned states in the same area is something unheard of. Against whom are these exercises supposed to be? This is harmful to the policy of nonalignment.

Speaking again about the domestic situation and democracy, Engineer Ibrahim Shukri said: Some people ask what good such talk is going to do and say that what the government wants it will get by rigging the elections. I say that nothing is impossible. There will be change. We want guarantees not statements from President Mubarak. We want laws and we want them to be enforced. I say that if such guarantees are given then the people would be properly represented. This calls for hard work.

CSO: 4500/268

ABU BASHA COMMENTS ON RECENT DETENTIONS

NC020922 Cairo MENA in Arabic 0830 GMT 2 Sep 83

[Text] Cairo, 2 Sep (MENA)--Interior Minister Hasam Abu Basha said that the number of the accused who have been detained and whom the state security prosecutor is currently interrogating in the recent cases of the Islamic Liberation and Communism Party [Hizb al-Tahrir al-Islami wa Al-Shuyu'iyah] has reached 45; 26 in the first case and 19 in the second.

In a statement published in today's AL-AHRAM edition, the minister said that most of the accused are students and laborers, but that they do include other groups. He added that all the leaderships who had carried out planning and financing in the Islamic Liberation Party Organization [Tanzim Hizb al-Tahrir al-Islami] case come from abroad. Some of them are to be found in Austria while some of the others are Arab elements who belong to the party whose activities aim at toppling the regime in Arab countries.

The interior minister said in his statement that the articles seized in the case of the terrorist communist group that were submitted to the state security prosecutor include large quantities of weapons, ammunition and explosives. The group was being trained on the use of this materiel preparatory to utilizing them to implement terroristic plans aimed at assassinations and sabotage of vital installations.

The interior minister added that by swift action and the application of the emergency law, it has been possible to abort an operation which was about to be implemented to break into an establishment to get more money in order to accumulate more weapons.

The minister said that inquiries and investigations have revealed that the funds have reached 14,000 pounds. He added that 50,000 antiregime leaflets, which have been ready for distribution, have been seized.

Replying to what has been raised on the application of the emergency law, the interior minister affirmed that what President Husni Mubarak had announced and what the government had adhered to have been fully implemented, namely, that this new law is being solely used for the early [word indistinct] terrorism and violence.

He explained that the number of the detainees, under the emergency law, has not exceeded more than 75 and that their number today has been reduced to 49. He added that some of these were detained for a specific period as a precaution against the escalation of their terroristic attempts and that they will be immediately released as soon as the abortion of their attempts has been ascertained.

CSO: 4500/268

CAIRO WATER CRISIS DRAGS ON FOR AL-MUQATTAM RESIDENTS

Cairo AL-AHRAR in Arabic 13 Jun 83 p 3

[Article by Press Investigative Division: "100,000 Citizens Threatened With Death From Thirst! Head of Water Utility Traveled Abroad, Head of Networks on Vacation, Leaving Empty Tanks, Broken Pumping Machinery"]

[Text] A comedy is playing in the heart of Cairo, and 100,000 people have been living through a tragedy for more than 10 days, threatened with death from thirst. They have complained and called for help, but as yet they can only pray for rain and call for rainfall to rescue them from their problem, with which they are meeting Ramadan this year.

Most of the streets and houses of the Muqattam are vacant, as their residents have fled from death and from thirst. The rest of the residents roam around looking for water. The comedy began on 27 May and is still being played out for children and old men and women, while the senior officials of the water utility are on vacation in Europe or on business trips to conclude contracts to import alum to purify the water!!

Sa'd Ahmad Sa'd al-Muhami, who lives in the Salam building in al-Muqattam, says: "I am very sorry to say that I have lived here making daily efforts to obtain a cup of water. This represents a real tragedy. How do you stand before your sons, unable to save this cup for a small child crying in the middle of the night?"

He adds: "Some of the residents made an official report confirming that our water was cut off, but the officials did nothing and insisted that the pump was 100 percent sound."

Col Muhammad al-Mahdi, the official in charge of the al-Khalifah Department which includes al-Muqattam, sent me from the department to the al-Muqattam Company, but the company insisted that the Greater Cairo Water Utility is the culprit, because it is not pumping water to the company's storage tanks.

Mahmud Muhammad Musa, a guard for the al-Muqattam Engineering Organization who has worked at al-Muqattam since 1955, says: "Merciful God, since the days of the Italians the services worked like clockwork and if you were walking down the street you would never find a burned out lamp. Now, the government is sound asleep and doesn't care that there is a place called al-Muqattam which is a part of Cairo."

Another guard says: "Fire broke out in some lumber for a new building under construction. We put it out with dirt. If God had not smiled on us, the fire could have spread to neighboring buildings. Even the fire engines of Muqattam do not have enough water to extinguish any fire."

Khamis Muhammad, a plumber in the Muqattam Company, says: "The problem is not in the company's tanks; lack of pressure is the reason the water is cut off."

To Pray in the Mosque

The Great Mosque at the entrance to al-Muqattam was not spared, as the tricks of the water pranksters left it without water for ablutions. Those few worshippers who were unable to go to pray in other quarters of Cairo resorted to performing their ablutions with sand so that their prayers would be admissible. This happened at prayers the Friday before last and last Friday also, according to Muhammad Ahmad 'Ali Abu Samarra.

Offensive odors emanate from the toilets of the mosque because they cannot be cleaned.

Muhammad Zaki 'Abd-al-Fattah, servant at the mosque, adds: "We filled a barrel as a reserve for ablutions. Some families came asking and begging for water to drink so that their children would not die of thirst. We told them that our only water was the water for ablutions in the barrel, and they took it for drinking water. The mosque has no water at all."

Construction projects for new buildings, whitewashing, and concrete work have completely stopped in al-Muqattam as a result of the lack of water.

A lunatic is trying to buy water from Cairo for construction work, but the costs of transporting the water exceed the costs of the project. Samir Mu'min, the contractor, says: "Work has stopped because there is no water and I have stopped transporting it by truck. I go every day to ask about the water, and then I return again, to no avail. Naturally, none of the officials of the utility benefit from the losses from the work stoppage and idle workers.

Muhammad 'Abd-al-Qadir, guard at the construction sites of the (Malaco) Company, adds: "Thousands of pounds idle because the workers have left because they have no drinking water or water for work. Everything has stopped."

Shop Closed!!

A small cafe near the entrance to al-Muqattam caught our eye. Its door was shut, and its owner, Samir Thabit, sat outside grieving. We asked him for a cup of tea, and he pointed to a sign stating: "Shop closed for lack of water."

The (Andre) tourist restaurant has surmounted some of the problem. Its owner has rented a truck, Cairo No 17939, from 'Atif Jirjis, assisted by two workers, to bring water from anywhere so that they do not have to shut down the restaurant and go bankrupt, according to the driver. Naturally, this is an

unreliable operation from the standpoint of cleanliness and water purity, as the water is exposed to microbes while it is transported from Cairo to the hills of al-Muqattam.

At Dr Yahya al-Rakhawi Hospital for the Mentally Ill, Dr 'Ali Hasan al-Rawi, resident doctor at the hospital, says that they have purchased three storage tanks to meet this circumstance by storing enough water for 2 days, at least as a reserve, but these storage tanks are inadequate.

300 Pounds for Water Every Day

Among the sad stories of the water tragedy in al-Muqattam is the Blair Tourist Hotel, which has 260 rooms. It opened only a few days ago and then was threatened with closing, according to Eng Sami Habib, its senior engineer, because of lack of water. The water was cut off for long periods, and the hotel management was forced to use bottled mineral water for washing and sanitation. Finally they purchased tank trucks to bring in water. They transported 100 cubic meters of water a day at a cost of 300 pounds. The hotel management also stopped watering its gardens.

There is more than one picture which reveals the game of the officials in the water utility and demonstrates the concern of the residents of al-Muqattam, who are asking who is to blame for their difficulties.

According to 'Abdallah Mahmud al-Sayyid, assistant in the al-Muqattam day nursery, which cares for 50 children, the supervisors of the nursery were forced to rent a taxi to transport drinking water from Cairo so that the children would not die of thirst. The directors had turned to the Franciscan monks, but they had not escaped from the onslaught of thirst from which al-Muqattam is suffering.

Police chief Magdi Hasan Salih says: "My wife and children left our apartment after the odor became very unpleasant when we were unable to keep clean because we had no water. My children developed (a rash) as a result of using just toilet paper and no water. I was forced to transport water by car in jerrycans and barrels and then haul it up to the fifth floor where I live. Naturally, this is difficult, and it is inhumane to have to do it again. After I have left the apartment we will not return until Muqattam has water again."

Al-Muqattam Company

Some residents say that the Muqattam Company is resorting to cutting off water and electricity to residents of the area. The company controls the water through the large storage tank belonging to the company at the entrance to al-Muqattam, and it also controls the electricity through its transformers.

Why would the Muqattam Company resort to cutting off water and electricity from the residents from time to time? The residents say that this is because the company's license to administer the area and the sale of its land will and next year, and the company wants poor water, light and other services to convince the government that the region is full of problems and its residents are

untiring in their complaints. Then the government will extend the company's license so that the company can solve these problems.

Officials in the water utility confirmed that the Muqattam Company was wrong in not expanding its tanks to hold enough water. Thus the company is pumping the water to residents in a trickle.

Supply Is Zero!

We took a number of the accusations and questions we had heard from the residents about the officials of the Muqattam Company and cutting off water and submitted them to Kamal Faraj, a water official of the company and a member of the board of directors.

He replied: "I am the one responsible in the eyes of the residents, but where is the water I am supposed to supply to them? Unfortunately, there is none. The supply is zero. My tanks are completely empty, and the pipes are covered with rust. Rabbits breed in the cisterns."

We interrupted him to ask: "Whose responsibility is it, then?" He said: "Ask the Greater Cairo Water Utility. They are the ones who supply the Muqattam station by way of the Salih Salim station." He submitted an envelope of the station's daily reports revealing a dangerous game to which the residents are exposed every year at this time. The reports say: "Friday, 27 May: Water level in tank ranges between 10 and 80 centimeters at dawn. The Muqattam station finally stopped withdrawing water because there was none in the tank.

"Sunday, 29 May: First and second pumps stopped at dawn because the water level was too low. The station finally shut down because there were no more than 10 centimeters of water.

"Wednesday, 1 June: Station shut down because of lack of water in the tank from 3 in the morning until the following day, Thursday, 2 June, when water levels ranged from 10 to 80 centimeters.

"Friday, 3 June: Station shut down; water level 10 centimeters."

Dirty Trick

The dirty trick recorded by the water station's reports continues on the remaining days. One indicator of the station's activity does not change: "The station finally shut down due to lack of water in the tank."

Kamal Faraj added some new information, which is that in order to work the pumps for al-Muqattam there must be no less than 150 centimeters of water in the tanks so that the pumps do not burn up as a result of pumping air instead of water. We complained again to the water utility, but no one did anything because Eng Husayn Tal'at, president of the utility, was visiting Hungary and Switzerland, and Eng Mahmud al-Sharif, head of the networks, was on vacation. We found only Eng 'Ali al-Hakim, vice chairman of the board of directors, who said that there was a breakdown in the pumps and they would be repaired, God willing !!

New Surprise

In search of the lost truth about the water tragedy in al-Muqattam, AL-AHRAR went to the main station which supplies al-Muqattam, the Salh Salim station, which lies in the rural settlement of Nasir. There was a new surprise when we saw the residents of the city of Nasir next to the station carrying cans and plastic jerrycans in a demonstration in search of a drop of water. One of the residents shouted: "You write and say that a barrel in our village costs 6 pounds in Cairo, city of the Nile." He kept on shouting: "You know that we are forbidden to do any work in Ramadan. I fear we will die of thirst."

Three of the six pumps which supply the regions of al-Khalifah, al-Muqattam and al-Jamaliyah are broken!!

Later--

One hundred thousand citizens in the heart of Cairo are living in a remote region in the Muqattam hills without one drop of water!!

In Cairo one can find a governorate, district councils, local people's assemblies, health offices and other government agencies which have done nothing at all, even with all of the citizens' complaints. The people are living as if under siege in the hills, unable to leave their homes for other areas in light of the housing crisis. The law considers cutting off water a misdemeanor punishable by imprisonment, but who applies the law to the water utility with its gross neglect or to a company which participated in cutting off the water to renew its license at the expense of 100,000 people threatened with death from thirst and with the spread of disease among them when filth reigns in their homes!!

7587

CSO: 4504/457

EGYPT

BRIEFS

AMBASSADORS TO AFRICAN STATES--Cairo, 30 Aug (MENA)--The Foreign Ministry has received the approval of the African states concerned to the following nominations: Muhammad 'Abdu Makhluf as Egyptian ambassador to Guinea Bissau, Fathi Muhammad al-Juwayli as Egyptian ambassador to Ghana, Ahmad Fu'ad Mursi as Egyptian ambassador to Burundi, and Ibrahim Jamal 'Azat as Egyptian ambassador to Rwanda. [Text] [NC302209 Cairo MENA in Arabic 1030 GMT 30 Aug 83]

CSO: 4500/268

AUDITOR GENERAL DESCRIBES BUDGET DEFICIT

Khartoum AL-SAHFAH in Arabic 21 Jun 83 p 4

[Article: "In the Auditor General's Report on the Government's Accounts: A Deficit of 228 Million in the Collection of Revenues"]

[Text] Mr Ahmad 'Uthman al-Rih, the auditor general, presented the People's Assembly with a summary of the bureau's general annual report on the government's accounts for the fiscal year 1981-82 last week. He presented an analysis of the financial performance of the government organizations, the economic and developmental sectors, the accounts of the regions, the financial status of the accounts of public sector organizations, and the status of loans and embezzlements. The report presented specific recommendations for dealing with these problems. The Economic Supplement is presenting a review of the auditor general's speech before the People's Assembly.

The Failure To Realize the Targeted Figures

The speech by the auditor general stated a number of observations on the extent to which the realization of the approved financial figures had been met.

"We observe that current expenditures showed a saving of 53 million pounds in the fiscal year 1981-82 while the deficit in the collection of approved revenues came to 228 million pounds. The Ministry of Finance contributed the equivalent of 65 percent of the total of this deficit.

The Provinces' Accounts

"The provinces did not succeed in presenting their accounts for the fiscal year 1981-82 in accordance with the stipulations of Article 83 of the Regional Government Law." Mr Ahmad 'Uthman al-Rih, the auditor general, stressed that 2,908,000,000 pounds had been transferred to the provinces by the Ministry of Finance and Economic Planning, subtracting 277.1 million pounds from the allocations for financial support approved for them. The Central Province received the greatest financial support, which was in excess of 36 million pounds. The auditor general pointed out that the president, at a meeting he held last April, pointed to the need to remedy

delayed accounts and observed that the bureau would not be able to make a report on these accounts unless these accounts were completed.

Accounts of the General Organizations

Mr Ahmad 'Uthman al-Rih said, "There are great obstacles facing the bureau as regards the accounts of public sector organizations, since it is observed that a number of authorities, organizations and units of local government have not been meticulous in preparing and presenting their accounts for review during the specific time periods. In addition, many of these organizations, whose charters stipulate that they be run on commercial bases, do not keep ledgers and records of accounts of production costs, which are considered the basis in disposing of their burdens and realizing their specific objectives. In addition, there are no bases by virtue of which the management in productive public sector organizations will be held to account, in the event they fail." The auditor general referred to another serious phenomenon, which is considered one of these organizations' ailments and concerns.

Some organizations incurred great losses which continued to accumulate over the years, while these results were not subjected to measures of analysis and investigation in a desire to ascertain the reasons for these losses and adopt decisive decrees to remedy them and benefit from this experience in the context of the plan to correct the condition of public sector organizations. In addition, some organizations have proceeded to engage in commercial operations which are not considered part of the objectives stipulated in the charters, and, if this process continues, it will subject these units to financial deterioration and perhaps total collapse. In addition, some organizations have been eliminated or reconstituted though consideration was not given to remedying the question of the accumulated indebtedness of the banking sector and public sector units.

Acts of Embezzlement and Loans

Total withdrawals and loans during the year came to 151.7 million pounds, in accordance with the statistics of the Department of Loans, while the books of the Ministry of Finance showed a sum of 121.9 million pounds, for a discrepancy of 29.8 million. The competent department in the ministry is seeking to remedy this discrepancy.

In Chapter Seven, the auditor general's report makes a detailed statement on the embezzlement of funds and assets which were discovered in 1981-82. The total volume of these acts of embezzlement came to 1,912,000 pounds. In accordance with last year's figures, there has been a perceptible increase in the volume of these embezzlements. In 1979-80, the embezzlements did not exceed 766,000 pounds. They then leapt to 935,000 pounds, or an increase of 22 percent, in 1980-81, and the rate of the increase in 1981-82 came to about 104 percent.

What Is the Remedy?

The question at issue is, how can one remedy this deficiency?

The auditor general, in his speech, cited about nine recommendations in this regard. These included the need to base the budget's revenues on an actual state of affairs that can be realized, and produce new sources of revenues, especially since many headings on revenues do not realize what is expected of them, in addition to preparing a cash budget which includes all sources of revenues and expenditures in the general budget and the development budget, and the need to liquidate the accumulated burdens of the accounts of undertakings, trusts, and errors in current accounts, hasten to set out an accounting system for the government, with all its units, establish internal auditing units in every government unit, apply the system of costs in the government departments and organizations, and investigate performance reports when studying budget figures bearing on development, studying the reasons for the losses in some organizations, and supporting followup agencies.

Finally

One basic, essential way to enable the Bureau of the Auditor General to guard the public money of the government is to improve the service conditions of people working in the bureau in a manner which is in keeping with the great efforts they have exerted in protecting the money of the government. Article 214 of the constitution stipulates the specification of conditions for service bearing on employees of the Bureau of the Auditor General, and here it appears that the stipulation has not yet been applied, since the approval of the constitution.

The employees of the bureau face numerous temptations domestically and abroad. One should bear in mind that the employees of this bureau are engaged in auditing and evaluating the accounts of public organizations and authorities where much better service conditions are provided for the people who work in them than those the bureau now provides. This is on top of the large difference in the quality of the work. Improving the service conditions of this group is a necessity if one is to preserve the effectiveness and activity of the bureau.

11887

CSO: 4504/510

TOP CIVIL SERVICE OFFICIALS DISCUSS PROBLEM OF GOVERNMENT GRAFT

Inspection Head Offers Approaches

Khartoum AL-SAHFAH in Arabic 18 Jun 83 pp 6,7

[Text] Mr Muhammad 'Abd-al-Qadir 'Umar, the chairman of the General Administrative Inspection Agency, responded to a question on the means for deterring the threat of corruption by saying,

"The spread of corruption is a fact which we must not ignore. To the contrary, all powers and resources must be mobilized to limit its seriousness, and indeed to extirpate it." He went on:

"A temporary remedy will not be in keeping with the scope and seriousness of the problem. Perhaps that is what the president and commander meant when he devoted a part of the speech in which he declared his promises at the beginning of his third term to stating that a concentrated, escalating campaign would be unleashed to cope with all manifestations of corruption and aberrance, no matter where they were and what form they took.

"Proceeding from this notion of the nature of the problem, the remedy must not be temporary. Rather, it is aimed at uprooting the problem from the depth of its being." Mr Muhammad 'Abd-al-Qadir, chairman of the General Administrative Inspection Agency, stated,

"In my estimation, this is a task of some dimensions, and therefore is too big to be assigned to a single specific body in the government apparatus. Rather, to make it a success, a number of agencies should enter into this area of specialization, for example, the State Security Agency, the Office of Criminal Investigation, the auditor general, the Bureau of Accounts, and the General Administrative Inspection Department."

The chairman of the General Administrative Inspection Department went on to say:

"For these agencies to join forces, they must rapidly respond to address themselves to the presentation the president and commander made at the National People's Assembly, so that they may effect coordination among

themselves and set out a firm plan to facilitate this task. This is because the government agencies are known for not moving unless specific tasks are spelled out for them, at which point the process of creating justifications and explanations that matters do not lie in their jurisdiction is made easy, especially if the matter is related to public money, because aberrant acts involving money are proof that there is loose money."

On the area of jurisdiction within which the agencies concerned will move, the chairman of the Administrative Inspection Agency said:

"There are approaches, or two focal points, in whose context the agencies concerned can act. One is preventive and the other is remedial.

"The preventive approach is to make sure that there is loose money and to make sure that there are no duplicated assignments for individual employees, for instance, where an account employee is assigned the task of disbursement and performs the two tasks together.

"Also, it involves confirming that forms are filed away in the proper manner and that there is constant, unpredictable review. The story of making excuses that there are no auditors is not convincing, and that is no longer palatable, because the goal of setting matters right and avoiding errors heads the list of the tasks which are based on the foundations of sound performance and discipline. Conversely, the presence of any gaps such as a shortage of auditors for instance could lead to enticements that will prompt some people to commit violations and crimes. Allocating sums of money to provide auditors is the sole guarantee of avoiding the loss of public funds resulting from the fact that auditors were not available."

On matters of public funds, ways of squandering them and filling the loopholes that enable some people to spread that money around, the chairman of the Administrative Inspection Agency said,

"Among the features of the squandering of public money are increased government spending and the failure to tighten surveillance and audits of the approved sums that are disbursed. The closing of this loophole can be furthered by tightening audits and ascertaining that the allocations have been specifically disbursed on the areas of disbursement for which they were earmarked, so that there will be no excesses, and indeed, more than that, it will be confirmed that all the units have taken measures and rules that will be in keeping with the resolutions of the Socialist Union conferences, the declared decrees of the government and the appeals the president and commander has made on a number of occasions, as he is dealing with the economic situation in the country, in order to avoid spending on pomp and luxury and constantly strive to reduce spending."

The chairman of the Administrative Inspection Agency said,

"Similarly, in the same context, improvements have been made in workers' service conditions. Their salaries and raises have been increased. In the face of this newly emerging situation, one must confirm that these large numbers of employees are properly used, and also that the volume of work

justifies the employment of this magnitude of workers, while being careful to put the right person in the right place and to have the production of each employee equal the entitlements the government offers him."

He went on to state, "Alongside this sort of aberrant act, there is a type of indirect aberration, in the sense that individuals do not make use of public money but at the same time it is squandered. An example of that is the money allocated to development and to projects with a rapid or not rapid payout, which fail to realize their goals of development and investment, leading to a reduction and paucity of revenues compared to what had been planned for in order that the desired financial balance can be realized. This results in depriving the provinces of the development to which the citizens aspire and at the same time it leads to a deterioration in existing services, rather than their development and evolution."

The chairman of the Administrative Inspection Agency concluded his statement on the aspects of preventive solutions to the phenomenon of corruption and aberrance by stating:

"Even the preventive aspects demand firm action on solid ground." He then moved on to the remedial aspects, and stated:

"There are remedial aspects regarding aberrant acts which have actually occurred, whether through good intentions or by premeditation with previous intent. This type of deviant act is not known until after it is discovered by the competent agencies, which determine the reasons for the commission of the violation and the motives behind it, then set out a suitable remedy for it, whether through the imposition of a penalty, the removal of the corrupt individual, a change in his position, or the guidance of the employee in the event there were good intentions at the time of the commission of the error or violation. This will be feasible only by setting out scientific criteria for work and by investigating in accordance with bases and rules to determine the status of the unit on the one hand and the existence of organized structures for that unit which will spell out the employees' jobs and job descriptions in order to confirm that the right man is in the right place, that areas of competence and jurisdiction are determined, and also that there are specific work strategies and policies which will be in agreement with and harmonious with the national strategies and policies the higher agencies of the Socialist Union and the comprehensive political action program have set out. It is also a matter of importance that programmed, scheduled plans arise from these strategies and policies, along with a specification of the employees' roles in carrying out the program, because that will facilitate the oversight and followup process in the case of the performance by the ministry and the department in determining the rate of performance of the program and ascertaining the reasons for deficiencies, if there are any -- while setting out appropriate solutions for remedying the various aspects of shortcomings and aberrant acts, raising individual and collective performance, and finally confirming that production is on a par with the allocations that have been made for it and that it has participated effectively in the general government plan."

The Chairman of the Inspection agency referred to the importance of scientific planning in various phases of performance, stating,

"Perhaps in this regard it is important that the activities of monitoring the remedial process be characterized by realism, impartiality and a distance from personal sensitivities, and that it have a character of permanence and durability."

The chairman of the Administrative Inspection Agency talked about another type of corruption which has started to spread about to the point where it has started resembling a distinctive phenomenon which has imposed its presence, in spite of its vile nature. By this we mean the phenomenon of bribery. He stated,

"Though we know that this phenomenon occurs and is widespread, it is difficult to prove that the vile crime has occurred, because there is an implicit agreement between the briber and the taker of the bribe. In applying the principle that every situation has its own concomitant circumstances, there also are means which can be followed to put a limit to this phenomenon, for instance by having careful constant surveillance over sensitive areas where this sort of crime occurs, through advance planning or planning to have the criminal entrapped by agreement with various agencies and the agreement of the judiciary agency."

The chairman of the Inspection Agency said,

"Most of these crimes, which gnaw away at the body of the society, have social and economic implications and are connected to the conduct of individuals and groups." He went on to say,

"Since we have been going through a real, true revolution which is aimed at extirpating the old and worn out and replacing it with the new and beneficial, and restoring the form and formation of society in a manner which will guarantee that lofty national goals are achieved, it is necessary that there be national policies and plans which are aimed at eliminating all forms and manifestations of corruption over the long range."

He stated,

"The broad outlines of these strategies may perhaps arise from three focal points:

"First:

"The method of selecting able, honest leaders who are committed to the thinking and goals of the revolution and attract the respect and confidence of the masses, and granting them adequate powers and freedom to act in an unencumbered atmosphere, in order to uproot corruption in the places they supervise.

"Second:

"Reformulating laws on punishments to make them more deterrent, in order to prosecute the people who bring about corruption.

"Third:

"Planning scientifically, carefully, and in a coordinated manner among all educational agencies, embodied in:

"Education and planning, religious affairs, youth care, legal agencies and surveillance agencies.

"This is aimed at formulating educational programs on strong foundations and at giving guidance in good citizenship, tolerant religious teachings and values, examples and traditions which are derived from the spirit of Islam, in order to set forth the bases for educating young people in an objective curriculum which will make them good citizens of their country, worthy of assuming their positions of leadership of their nation in their coming days."

In response to our question regarding the starting point in the movement to combat the problem, the chairman of the Administrative Supervision Agency said:

"The appeal by the president and commander to extirpate corruption was clear, frank and honest. It of necessity means that all surveillance agencies are called on to act automatically and immediately to start to study this problem and coordinate their joint activity so that we will be able to arrive at a united strategy and mutual plans in which the role of each of the joint agencies will be determined so that their efforts may be as harmonious, integrated and strong as the power of the corruption that has become rife, because temporary individual unscientific powers will only increase the strength and immunity of this corruption."

In concluding the meeting, we asked Mr Muhammad 'Abd-al-Qadir,

"Could we state that we have dealt with the various types of corruption?"

He said,

"The features of corruption are many, numerous and diverse, in accordance with the various activities and the conduct of the individual. We have sought to concentrate on specific types of corruption, on grounds that they have become more widespread than others, and have become a serious phenomenon as far as the interests of the masses are concerned. Foremost among these are the violations that connect the public area with the betrayal of trust by an employee, the forgery of documents or accounts, or the squandering of public money through a lack of commitment to the stipulated areas of expenditure or the failure to collect the stipulated revenues or income.

"Then comes bribery, which is aimed at providing priority to one person ahead of another or offering him advantages he does not deserve. Finally there is aberrant conduct in administrative work or what are called administrative

diseases, by failing to perform work in the manner that will realize national objectives."

Interior Minister Describes Crackdown

Khartoum AL-SAHFAH in Arabic 18 Jun 83 p 7

[Text] Mr Ahmad 'Abd-al-Rahman Muhammad, the minister of internal affairs, started his conversation about corruption by saying,

"There has been much talk about corruption nowadays in the Sudan. This is a sign that Sudanese society has started to be shaken, in various fields of activity, by the negative effects that often accompany material changes, such as increased and expanded construction, the building of roads, and all material areas.

"I would like to say that the standards of living in the Sudan have changed perceptibly, and the economic and social aspirations of individuals have increased, creating disruptions, differences and confusions in values, because the values of the town have driven out those of the village, and values, especially moral values, have been shaken as a consequence. In addition, cultural notions have entered into our society which are basically the cultural notions of societies that are different from ours.

"It is now necessary to curb these and ascertain the positive values which must be preserved, and which we must retain by all ways and means, and the negative values which the society must be wary of, turn away from and check, so that they will not dominate and become prevalent.

"Proceeding from the premise of my interest in the civil service as an instrument of change, I believe that it reflects the notions that dominate a given society in a stage of time which is affected by it and affects it. I have observed that the civil service now is in urgent need of review, because, in the view of society, it has become the spearhead of corruption, and the corruption in it has been referred to more than any form of corruption that is to be found in the organizations and companies of the private sector. I will try to help identify and deal with this condition."

A Conception of Government Action

The minister of internal affairs said, "In order to remedy these phenomena, it is necessary to realize that the civil service embodies a class that represents the various sectors of the society, with its tribes, its civilizations, its customs and its conduct. In his conduct, the individual in the civil service is an image of the value patterns in the society.

"Awhile ago, the patterns of behavior to be found were those of leadership, because it was the educated elements that occupied the leadership positions. The view of the official of the past, with his honesty, discipline, conduct and performance of duty, is different now. I believe that there are influences outside of the civil service which to some extent have fostered the occurrence of aberrant conduct in the civil service.

"One of us, in his conception of government work and public funds, might commit violations against the society through thefts from the government, but will not consider that theft! He does not view a person who steals from the government as a thief who steals from individuals, although he must look upon such theft as the vilest of crimes. However, it appears that the governments of the Sudan, in the context of colonialism, made people view authority as alien to them; therefore, if you steal from it, they will not view you with belittlement and disdain. The notion of public funds is that the authorities were remote and the cultural values that existed displayed considerations of personal, family and regional patronage. This is observed in the writing of administrative reports in which these negative values are influential. This does not make it possible to fill leadership positions with qualified personnel, not to mention the fact that they lack training and good models. In addition the society has economic circumstances which tempt and attract a number of persons because the standard of living is now different from the financial power of people working in civil service.

"There is no doubt that one of the areas of jurisdiction of the civil service has become great financial resources, when compared with the past. It has become responsible for economic activities, and this constitutes a temptation, because there are pressures on them from people who derive benefits, and this is one of the ways in which bribery enters in and embezzlement is created. You will find the society sympathizing and showing compassion with those bribe-takers and embezzlers who are caught. You will find family connections and ties of friendship working to play down the crime and striving to alleviate the punishment by every way and means, and this makes the situation worse.

Administrative Corruption: How Can We Resist Corruption and Aberrant Acts?

"There is no resolution to acts of administrative aberrance, for the reason that we find that all the cases bearing on administrative corruption are in the judiciary courts for very long periods of time, waiting for discussion and full justice." This was stated by Mr Ahmad 'Abd-al-Rahman, who went on to say:

"In addition, the laws are not deterrent. Even the laws which contain deterrent punishments are not used, and this encourages aberrant personnel to continue with their offenses.

"Administrative violations by their nature require special courts and administrative boards which have recourse to more effective methods, especially as far as their establishment and composition go. It is not necessary that their members be judges; rather, they can be a group whose long administrative work has been attested to. These courts must meet in specific periods of time, in order to review administrative cases. In the advanced countries, the administrative judiciary is the most effective body dealing with aberrant conduct in the civil service.

"There is the oversight by society, and the oversight by the media and public opinion regarding civil service performance. There are also special agencies, which have special resources, within the civil service, such as

the administrative surveillance units in the context of each ministry, embodying a presence, awareness and the protection of public funds.

"In addition, there are other administrative agencies, such as Administrative Inspection, internal financial auditing in the context of the ministry, and external financial auditing through the auditor general. In order that we may be more serious, we must form a committee to discuss the cases that have been unearthed, what the punishments should be regarding the cases that have been reviewed, and whether they are deterrent and will guarantee that the phenomenon of corruption will be limited. We also observe that there has been extreme procrastination in the measures bearing on accounting. We should investigate the causes of this procrastination so that people can know and set out indices that will help in the rapid review of corruption cases.

"What administrative measures and oversight methods are there within the organizations, even before the aberrant acts take place?

"What are the systems followed to preserve and protect public funds?

"What cases has the People's Assembly raised? What has been done in them to treat the bases of the ailment? Have the files on these cases been distributed, even for the sake of spreading publicity, so that the nature of these violations can be known and so they will not be repeated in other areas?

"What is the role of surveillance by the people? Have we been able to put any form of that into general application?"

After the minister had raised all these questions, he said, "All of these methods, because the civil service is a part of society and positive values must be implanted in society and religious incentives in our schools, papers, and places of worship, because they are very helpful factors in making the desired civilized values prevail and in cleaning society of aberrant social conduct which eats away at the bones of the society and often results in the decline of society, such as bribery, embezzlement, laxity, the collapse of morale, indifference, the lack of desire to work, and so forth."

Evaluating Performance

Mr Ahmad 'Abd-al-Rahman continued his discussion by stating, "The spread of dishonesty, under the umbrella of decorum, results in the writing of inaccurate, dishonest administrative reports in which people who work and people who do not are equal and the reports lack objectivity as far as promotions, transfers and the evaluation of performance go. This results in the fact that people who are unqualified receive leadership positions, and as a result of that the civil service declines. It is necessary to study the phenomenon of corruption in the nationwide context, in its various fields, not just in the civil service alone. In the context of the civil service, there is a need to review and examine the choice of leaders to confirm that the right man is in the right place, to codify all laws bearing on the civil service, the tax statutes and procedures on passports, citizenship, personal identity cards and land, and to simplify measures and publicize them so that

the citizens can grasp the manner by which they can acquire a given service, without needing anyone to guide them. There is a need to intensify punishments of embezzlers and bribetakers, guarantee rapid review of such cases, in order to achieve total justice, create special courts to review administrative violations, support the oversight institutions in the ministries and public organizations, and enlighten them on the nature of their role, especially the internal oversight agencies, accounts, and the treasuries. It is also necessary to tighten up oversight by the people by all the media, give the citizens guidance regarding their duties and rights, and create good citizens. In this, the houses of learning, places of worship and the media must take part, in order to create a prevailing public opinion opposed to corruption and the doers of corruption."

Confronting Oneself

Mr Ahmad 'Abd-al-Rahman concluded his discussion on corruption by saying, "Very many countries, in different stages of their maturation, have gone through these same experiences, have confronted themselves truthfully, and have proceeded to form national committees to study the phenomenon of corruption and offer recommendations regarding it, in order to come up with bases and criteria for remedying the phenomenon of corruption. In this stage, it is necessary to confront oneself in order to fight against corruption and set aberrant behavior in our country straight."

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CS0: 4504/510

VARIOUS ISLAMIC MILITANTS DISCUSS POLICIES, OBJECTIVES

Tunis AL-RA'Y in Arabic 22 Jul 83 pp 6,7

[Article by Salaheddine Jourechi: "AL-RA'Y Talks to Representatives of the Islamic Tendency"]

[Text] On this week of the year 1981 (18-19 July), cables and warrants were issued for the arrest of more than 100 Islamic Tendency Movement leaders and personnel. Now that 2 years have elapsed since this important event, we have considered it appropriate to direct to the representatives of the movement a group of questions which preoccupy public opinion. In spite of the exceptional situation in which these requests for information were made, and our appreciation of the limited scope for action and thought on the part of those who replied to us regarding our questions, this meeting reveals, in a relative sense, an aspect of the movement's concerns and vision, and the influence of events on its course and its tactics.

AL-RA'Y: How would you prefer to define your movement?

[Answer]: We express thanks to the newspaper AL-RA'Y for this opportunity it has given us, and we can point out that the adoption of a position on some of the matters that have been set forth, explaining them, and resolving some problems would be more meaningful and clear if this dialogue were occurring while we were not in this difficult situation, since we are the targets of prosecution and trial at a time in which dozens of our fighting men and leaders are sitting in prisons, and they and others are being kept from helping to give concrete form and explain these and other matters in a manner which will give a true picture of the movement to people who ask, other parties, and public opinion in general.

Ours is a movement for change with missions and methods which its charter has spelled out. It rejects the use of violence as an instrument for resolving intellectual and political disputes, and it relies on Islam as a point of departure through which it determines its vision and its choices in these areas. At the same time that it is trying to renovate Islamic thinking on the basis of the fixed principles in Islam and the changing, evolving requirements of life, it considers that Islam cannot be embraced by monopolizing this characteristic or rejecting the principle of the sharing of power.

AL-RA'Y: Where does the Islamic Tendency Movement stand, 2 years after the declaration and the trial?

[Answer] The declaration of the establishment of our movement on 6 June 1981 was not an expression of a sudden whim or a wave against a given party so much as it was an expression of our feeling of our divine, human and national responsibility toward the true liberation and progress of the country. It is an embodiment of our faith in the priority of the struggle for political freedoms and respect for all intellectual and political currents in open and legal being, because of our belief that this task is too great to be borne by people, since it needs a movement and the crystallization of objectives with carefully managed approach, or indeed the effort of a group of movements, because the struggle to attain these goals is a great, serious task which requires the unification and fusing of the efforts of all democratic forces in this direction. Then there was the regime's response to what we expressed regarding the will to work within the context of the stipulations of the laws of the country. In the text of the press conference which was held on the occasion, it was stated that it had taken the tack of confronting us with more repression and confinement. There then occurred the trial of July 1981 and the arrests and trials that followed it, which affected more than 200 of our fighting men, who were condemned to the isolation of prisons, banishment and exile, since the sword of the unconstitutional Laws of the Press and Societies was brought to bear on us.

However, these trials, and other inhumane practices which had us as their target, the latest of which were the arrests of January 1983, did not cause us to fall into the morass of rejection and the vortex of violence so much as they consolidated our conviction of the need to adhere to the platform of "pertinent rhetoric" and "the graciousness of patience," and to continue the struggle to impose respect for freedoms, the actual embodiment of political and cultural pluralism, the review of laws that are in contradiction with Chapter Eight of the current constitution, especially the Laws of the Press and Societies, respect for the independence of the Labor Federation, and the declaration of a general legislative amnesty.

AL-RA'Y: What is your evaluation of the general situation in the country? Do you consider that the acquisition by other movements of legal permits is a positive or negative step in clarifying the course of events? What are the repercussions of that on your movement?

[Answer] One outcome of the regime's choices has been that the economic situation of the country has become critical and complicated and that the difference among classes has deepened. It was also normal that the policy of the monopolization of power and exclusiveness should lead to a further violation of freedoms, the continued enforcement of laws that are in contradiction to the people's rights to express themselves and congregate, the continued oppression of groups of fighting people for political reasons, with their continued imprisonment and banishment, in spite of the numerous appeals demanding that all political prisoners be released and that a general legislative amnesty be declared, further arrests in the ranks of various political and intellectual parties, and more trials of a political nature, which we consider to be adequate to prompt all democratic forces and

people who have an interest in the development of the country's situation in a manner serving the community to continue the struggle to acquire new gains and work to impose respect for the rights of all political and intellectual currents to work openly and lawfully. We consider the acquisition of this right by any movement, regardless of the background that led the regime to it, to be a gain for various forces fighting for the sake of the establishment of actual pluralism and respect for public freedoms.

AL-RA'Y: Some people talk about secret negotiations between the authorities and your leaders in prison. If these actually took place, what were the focal points of these negotiations?

[Answer] We consider that our brothers in prison (we ask God to give us success in fighting for their release) are better able to answer this question.

AL-RA'Y: Do you still adhere to the demand for a political party? What would be your position if the authorities gave you something else beside a party? How would you evaluate that step?

[Answer] Our presentation of an application to the authorities for a permit for a political party was not directed against any body so much as it came as an embodiment of our will toward conscious, responsible political action in the context that has been spelled out by the laws of the country; although this sort of presentation was a cause for the injustices that have been imposed on the movement, we consider any step to eliminate them, however limited it might be, to be a positive act which is worth recording and supporting in a more comprehensive manner.

AL-RA'Y: The formulation of your program which you presented at the press conference was very general. Are any efforts being made to give it greater depth?

[Answer] In spite of the liquidations, persecutions and trials that marked the period after the declaration, our movement has been, and still is, convinced of the need to give concrete form to views, prepare a program and present an alternative. Although we have started to do so, we do not deny the effect of the general atmosphere in the country on this sort of activity.

AL-RA'Y: Some opposition parties and some observers stress that the economic situation is critical. What solutions do you propose for transcending this?

[Answer] A solution to the economic crisis the country is going through, which represents the failure of the ruling party's options, cannot come about through partial, ad hoc graftings whose effects quickly disappear so much as in the context of a radical, comprehensive solution on all levels.

AL-RA'Y: In your political statements, you assert your rejection of violence. On what principles and premises do you base this position of yours?

[Answer] We reject violence absolutely, out of our belief in the need to remove intellectual, psychological, economic and social shackles, and consider the struggle for freedom to be the essence of the struggle for Islam. The Islamic Tendency Movement does not present itself as an inspiration for all but rather as a political and intellectual party which derives its legitimacy from the force of argument and the masses' conviction of its programs. We want to participate in the building of society, not spread about the smell of blood, the lust for revenge or the promotion of the spirit of revenge and enmity within it.

AL-RA'Y: Some people state, regarding your struggle with Watad, that it is a struggle between Stalin and Ahmad ibn Hanbal. What is your opinion on this analysis?

[Answer] The struggles the Tunisian University is going through, between the students and the regime or between some political currents, especially between the Islamicists and some extremist leftwing groups (Watad) who have not hesitated to use violence against their adversaries (the Manouba events), do not go beyond the framework of a struggle by the adherents of Islam and the democratic forces to respect freedom of opinion and political practice, and bring forth a mass trade union alternative which is far removed from dominance and tutelage under any guise. We call on the masses of the students and the political parties within the university to transcend peripheral struggles and support the efforts which have been made, which are embodied in the presentation of the student charter for the sake of a better state of affairs.

AL-RA'Y: You are putting your hopes on lawful action. Do you accept the liberal democratic experiment, with all its limited and perhaps negative features (Morocco, Senegal)? How do you convince some of your young personnel, who might perhaps be oriented toward the revolutionary course?

[Answer] Our struggle to obtain our rights to open lawful action has not been in the context of our acceptance or rejection of the liberal experiment, in spite of our faith in the importance of and need for the cross-fertilization of critical civilization in the life of movements and peoples. It has not come as the imposition of the will of a minority within our movement so much as it has come as the embodiment of our belief in the priority of the struggle for freedoms and our will for conscious, responsible political action, and as an expression of the will of the group, whose differences over some issues we consider to be an element of enrichment and progress, by virtue of the revolutionary nature of our movement.

AL-RA'Y: Do you still believe that the society and the authorities are pagan?

[Answer] We are amazed that that sort of question should be directed at us; it gives the impression that a position has emanated from our movement which has not been the case. We stress again that our calling ourselves the Islamic Tendency Movement does not mean that we monopolize this

characterization or that we are official spokesmen for Islam, nor does it of necessity mean that the other orientations are heathen ones.

AL-RA'Y: There are numerous Islamic parties on the stage. Is that positive or negative, as far as you are concerned? Was their birth objective or by inspiration from the authorities?

[Answer] Our position regarding the Islamic parties on the stage, in spite of our belief in the importance of the unity of the people working for Islam, in addition to the fact that it does not go beyond the framework of our conviction, in principle, of the right to differ and the right to numerous views, as a factor in the establishment of political and intellectual life: it is part of our belief in the right of every individual or group to interact sincerely with Islam:

However, concerning the birth of these parties, we believe that that is an internal matter which is of concern to them. We consider that we are not in a position which would qualify us to issue a judgment on the emergence of any of them.

AL-RA'Y: What is your evaluation of the Iranian revolution, after 4 years of experience in power?

[Answer] We have stood alongside the Iranian revolution, on grounds that it was a revolution of the downtrodden against the arrogant. This absolutely does not mean that we are now standing for everything that is happening in Iran. Our support for the revolution is critical, and we point out that the obscurity that surrounds the actual situation that has evolved in Iran puts us in a position which is not appropriate for evaluating this experience in an objective way.

AL-RA'Y: It is said that there are differences and contradictions among your leaders in prison on the evaluation of the past and the future stage, and the vision of this stage. Is this correct?

[Answer] Regardless of the presence or absence of what you referred to, our position on this sort of matter arises from our belief in principle in the genuineness of differences in the nature of man, which is a factor for the enrichment of life, and that it is God's will to make man differ (for had God wished he would have made people a single nation). In addition, any infringement on the right to differ in order to make man bear a single opinion is an aggression against human nature, an impoverishment of life, and a fragmentation of people's powers, provided that that difference be in the context of the proper conception of faith which is ample enough to accommodate various capabilities, talents and powers.

GULF DAILY NEWS VIEWS EMPLOYMENT OF WOMEN IN GULF STATES

GF010539 Manama GULF DAILY NEWS in English 1-2 Sep 83 p 6

["Comment" column]

[Text] It is easy for a leading banker in Bahrain to point out that Gulf states are retarding their development by barring half the potential labour force; it is easy, and from an economist's point of view perfectly correct.

Each of the Gulf states import a massive amount of foreign labour to run their economies while at the same time locking up to half their populations behind closed doors.

To an economic planner naturally it does not make sense and ought to cease forthwith.

Of course the reason for this is not economic ineptitude but is the result of following a way of life that if it is to change, will change only very slowly.

Education is the key but even this has to be taken on a soft approach if fearsome social friction inspired by rapidly increased aspirations is to be avoided.

Employment of women means changing not only their own attitudes but, equally importantly, those of menfolk.

This lesson is being made abundantly evident in those parts of the world which have encouraged female emancipation.

CSO: 4400/491

BAHRAIN

BRIEFS

OFFSHORE BANKS--Shaykh Ibrahim al-Khalifah, deputy governor of the Bahrain Monetary Agency, has noted that the offshore banking unit assets in Bahrain have reached \$56.5 billion. In a statement to the Bahraini paper AKHBAR AL-KHALIJ, he pointed out that this figure indicates that the June offshore banking unit assets increased by \$700 million over the assets of May 1983. He added that this is an increase of 1.3 percent in one month. [Excerpt] [Manama WAKH in Arabic 0725 GMT 29 Aug 83]

CSO: 4400/491

ISRAEL

AIR FORCE COMMANDER INTERVIEWED ON LEBANON, LAVI

Tel Aviv MA'ARIV in Hebrew 29 Jul 83 p 24

[Interview with Air Force Commander Major General 'Amos Lapidot by Dov Goldstein; date and place not specified]

[Text] They refused to accept him as a student in the flight course for medical reasons. A youth, 18, he joined the artillerymen -- but did not let up. They eventually found him acceptable and admitted him to the prestigious course. He finished the course at the top of his class.

There is something deceptive in the manner of speech of Maj Gen 'Amos Lapidot, the commander of the Israeli Air Force: He doesn't speak. He only whispers. Separating us was his desk in his office. One meter. But it seemed that his voice was coming from a distance. You would expect that the speech of a person who whispers would be slow. However, Maj Gen Lapidot whispers rapidly, interweaving ideas and thoughts. The explicit impression: A high degree of intelligence and discretion is concealed behind the calm countenance and quiet and authoritative speech.

He went into the army before he completed high school and without a diploma. Since then he confidently filled this gap. Even though for the past 30 years he was involved in Israel's difficult wars and commanded fighter squadrons and air force bases, he also devoted time to his studies. He completed courses in mathematics and physics at Tel Aviv University and received an M.A. from Stanford University. The subject of his thesis was "Economic Engineering Systems." Until he was called upon to take command of the air force, he established and headed the Lavi project.

[Question] One of the "news items" that was brought by the Israeli delegation that returned this week from Moscow was a stern warning to Israel not to attack the Soviet missiles in Syria. Is the air force taking into account the possibility that in a war with the Syrians Israeli pilots will be in combat against Soviet pilots?

If We Have No Alternative. . .

[Answer] We are definitely taking this possibility into account. Are we interested in this happening? No! We are definitely not interested in this.

We are not yearning for a confrontation with a country that is not in our confrontation line, and we have no interest at all in provoking a superpower. But if there is a war with Syria, we are likely to encounter Soviet aircraft flown by Soviet pilots on combat missions against us. If this happens -- we will have no alternative but to fight the Soviet pilots. We cannot choose for ourselves the enemies on the battlefield. In the course of a battle two sides, if not more, are involved.

We have already had a one-time confrontation with Soviet pilots -- in 1970 in the Suez Canal area. I assume that in light of the results of that confrontation, the Soviets also do not want and are not interested in encountering our pilots in an air battle. Of this it is said: A word to the wise. . .

The practical question is not encountering Soviet pilots in the air but rather our pilots encountering Soviet missiles launched by a Soviet soldier from Syrian territory. We know that the SA5 missiles are maintained and operated by Soviets in Syria. The possibility that our aircraft and pilots will encounter such a Soviet missile in the air is more practical than their encountering Soviet pilots -- and this is certainly no less difficult a problem.

[Question] And if this happens?

[Answer] We will not be happy about the confrontation, as I have said, but we will have to solve the problem just as we have solved it with others who have tried to fight us. If the Soviets choose to fight us over Syrian territory, it will not be a one-sided battle.

[Question] How would such a possibility affect the relationship of the air forces between Israel and Syria?

[Answer] Actually, a change in the relationship of forces between Israel and Syria has already occurred. The change stems from the deployment of the new missiles on Syrian territory. These missiles are operational, and they constitute a threat to us. Therefore, the relationship of forces has already changed. We have no evidence of the presence of Soviet pilots in operational units in Syria. I do not estimate that Soviet pilots will be sent to Syria to help its air force fight against our air force except if the Syrians will be in a difficult situation. In such an event the Soviet pilots are likely to appear within the structure of autonomous Soviet units -- full squadrons of the Soviet Air Force or of the air forces of one or more of the Soviet satellites.

The Person Is the Main Factor

If this happens -- and it definitely can happen -- a change in the balance of forces will occur, and this will be a problem that we will have to cope with. I do not mean to say that in contrast to the current situation in which we have an advantage, a change will take place that will put us at a disadvantage. However, of course, the facts in the air will change, and we will have to cope with the situation that emerges.

[Question] What gives the Israeli Air Force such a decisive advantage over the air forces of the Arab armies: the American equipment and the Israeli development of weapons systems or the quality of the Israeli pilots and ground crews?

[Answer] In the entire subject of a total weapons system, the person has much greater importance than hardware, machines, and engines. What is interesting is that it is the person who develops the machine and not the opposite. It is only through the years and indirectly that the machine has an effect on the person. Israel has always emphasized quality and not quantity. We cannot confront the Arabs in a quantitative competition. This is not our level. We are surrounded by hostile countries that have an enormous population of over 100 million and prodigious financial resources. We are a small and poor country. It is known that we attach supreme importance to human life. We do not sacrifice formations on the battlefield.

In contrast, we must, and we can, activate the Jewish brain. And this is what we are doing. The air combat mission by its very nature is a battlefield in which it is possible to give maximum expression to the integration of a thinking and personal capability, initiative and improvisation, courage and reliability, and an investment of know-how and sophistication. All of these come into play in outstanding execution in the air combat mission. In these areas the Israeli youth expresses himself in an outstanding manner. The results are evident. In our social norms and in the resources that the state makes available to its air force, the air force is maintained on the highest level and with the best resources that the state can provide. For the air force personnel -- and forgive me if I speak idealistically, with us it is still permissible, it is used -- there is enormous motivation. Our people understand the national aspects of their service. Add to these the accrued combat experience and the original developments in all combat areas -- this is the air force. And we repeat: All we want to do is to carry out the mission and return home safely. But to carry it out well.

[Question] If Israeli pilots were flying Soviet fighter planes against Arab pilots flying American planes, what do you estimate the results of the battle would be?

[Answer] As I said in my previous answer, the person is the dominant factor, and his involvement in the weapons system and in determining the results of the battle is much more important than the hardware and the machines. But beyond this, I want to emphasize something that I believe the public is not sufficiently aware of. Whoever thinks that the supremacy of the American-western weapons is so dramatic and enormous is making a mistake. It is simply incorrect. The weapons of the United States, and especially its aircraft, are superior to the counterpart weapons in the Soviet Union. They are better -- but not dramatically so. The Soviets have excellent aircraft. They have given them to the Syrians, and therefore, the Syrians have excellent aircraft. The Soviets are continually improving their aircraft and producing more and more sophisticated models. The Soviets have all-sector missiles and excellent radars that can also look downward. They have electronic weapons systems.

were our pilots flying Soviet aircraft and the Arab pilots flying American aircraft, our pilots would defeat the Arab pilots in air battles. However, I cannot predict the kill ratio, and I cannot say that even in such an instance, it would be 100 to 0, as it was in the Peace for Galilee war, or any other kill ratio. The aircraft and their quality also have their own effect.

Misgivings Before Destroying the Missiles in Lebanon

[Question] In the battle between the missile and the aircraft, the aircraft in the Peace for Galilee war returned to its superior position with the destruction of the Soviet missiles in the Lebanon Valley. Is there now an imminent danger that the Soviets will learn Israel's secrets, monitor the special systems that Israel has used, and again build new missiles for which Israel has no response?

[Answer] Not only is this a danger but this is a continuous and regular process which is taking place all the time, incessantly and without interruption: battles of the technologies are going on all the time. For every weapons system in the hands of one side, the other side is trying to prepare a countermeasure. For every threat, the threatened party is trying to find a solution. This is the way it has always been. But today, and this is the difference in comparison with previous periods, it is possible to do this in a more and more sophisticated form because of the advanced technologies, the electronic systems, and the computers. Because of the enormous development of the computers the speed rates have also changed and things are done much faster.

In these conditions, one of the risks of war that we must take into account is the compromise of our weapons systems and the removal of the mantle of secrecy and surprise from them. Frequently the danger of compromise is a rather important consideration in decisions on operations and the use of systems which are as yet unknown and unused. At times the concern that the use of a certain system will indeed be crucial in giving us an advantage in a particular battle is the decisive factor, however it can endanger the entire war and be ineffective in future wars because it has been compromised.

[Question] Were there such misgivings before it was decided to use the systems and methods in the destruction of the missiles in Lebanon?

[Answer] In regard to the Peace for Galilee war and the operation against the missiles, I believe that this was an extremely important and militarily justifiable operation even though several of our methods and systems were compromised.

[Question] As has been publicized, Israel has provided information on the lessons of the war in Lebanon to the United States. From the point of view of the Americans, what significance is entailed in Israel's ability to overcome the Soviet missiles?

[Answer] Israel's successes on the battlefield in general and its air capability in particular are very important to the Americans. They were very

happy to receive the lessons learned and the conclusions. It is gratifying to them that we are proving on the battlefield the superiority of the American weapons systems in particular. The operational experience that we are accruing and the significant amount of which we have indeed passed to the Americans are very important to them and contribute both to the continuation of their development and the crystallization of their war plans. On the political level our success on the battlefield is a success of the free world and of democracy. I believe that this also has considerable importance.

[Question] Would you say that the Israeli information on the destruction of the Soviet missiles in Lebanon has changed the global balance of forces?

[Answer] No. That is going too far. However, our successes only demonstrate more concretely what the true balance of power is in the world, but there is no need to exaggerate and talk about a global change in the balance. This was a confrontation between Syria and Israel in a very specific war zone. Israel is not the entire western world and Syria is certainly not the entire communist world. To draw an inference from this to the global situation is going a little too far.

[Question] Can Israel with its experience, knowledge, and instruments that it has developed cope with the SA-5 missiles that have been recently deployed in Syria, or are these missiles "a different story?"

[Answer] I can tell you how these missiles differ from the previous ones: The SA-5 are significantly different in their kill envelopes that are reflected in the range and altitude of the missiles. This missile is effective to a range of up to 200 km and an altitude of 100,000 ft and higher -- that is to say every effective altitude at which aircraft can fly.

In contrast to these, the SA-5 missiles have their own limitations and deficiencies. They have actually been built against high-flying and long-range bombers and not specifically against the aircraft appearing in the battle zone of the Middle East.

In regard to the problems involved in our capability to destroy these missiles, we have never encountered this problem and it would not be appropriate to go into details. I can only say that in terms of developing the strength and operational plans of the air force, we will have to address the SA-5 missiles as an objective and system that require the preparation of a response.

We Will Save Much Money in the Development of the Lavi

[Question] Israel is about to invest considerable funds in the construction of its Lavi aircraft. Aircraft, as is known, become obsolete and at times even rapidly. Isn't this danger predictable for the Lavi which will not become operational until the end of the decade?

[Answer] Two assumptions on which your question is based must be corrected. The financial question must be examined in terms of the procurement of aircraft and the operation of a fleet of aircraft. If we do not produce an

Israeli aircraft, we will have to procure a foreign one. When you purchase a foreign aircraft, you pay also for its development. Another factor that is part of the calculation is the cost of its maintenance and operation throughout its life cycle. And therefore, if we compare the cost of the Lavi over its life cycle with another alternative, not only are we not paying an excessive amount of money but instead in the development and construction of the Lavi we are saving a considerable sum of money.

The second subject -- the obsolescence of the aircraft. The reality is the opposite of what you have noted in your question. The more modern, the newer, and more sophisticated the aircraft, the longer and not shorter is their life cycle. I will give you two examples for comparison. In World War II they built the Mosquito, a fighter plane that can be compared with today's Phantom in terms of that time. They designed it for only 100 sorties. We have already had the Phantom for 15 years, and we still don't see when we will take it out of service. It is definitely reasonable to assume that it will be in service for over 25 years. The situation is the same regarding most of the modern aircraft. The Lavi will be in the service of the air force for many years.

The reason for this phenomenon of long life in the modern era stems from the fact that the fighter planes of the last decade are already not breaking the flight envelope in terms of altitude and speed. By the end of the sixties, every new aircraft brought with it reports of greater altitude and greater speed. Therefore, the aircraft quickly became obsolete, and an old aircraft flew at a lower altitude and speed in contrast to the new ones. Today, these achievements are no longer required. The platforms can be good for many years.

The modern technologies and the development of materials now permit the construction of stronger and more reliable machines. The main quality, value, and advantage of the fighter planes today are in the electronics and computers. These can be developed and improved without changing the aircraft itself. The aircraft can be converted into a much more advanced system without changing the aircraft itself. The Lavi will be a modern aircraft which will have a long life. It will be economical and constructed in accordance with the requirements of the air force.

[Question] In the Peace for Galilee war there have been cases of disputes in the IDF, including refusals to serve in Lebanon and serious complaints against the political echelon and the objectives of the war. Did all of this bypass the air force?

[Answer] No. On the levels of the combatants in the field, that is to say the air force pilots, there were disputes as there were among the other combatants. The disputes stem from the world-views, and these are not fundamentally different among the air force pilots in comparison to other combatants and other Israelis in the rear. We didn't have any extreme cases like Eli Geva, and I know of no case in which one of our people refused to be mobilized for the reserves.

Identification with the Objectives

What characterizes our combatant level is that all of them, except the anti-aircraft personnel, are officers, and they have a broader view of the missions. This enables them to identify better with the objectives, and in other cases, facilitates the identification.

Another characteristic of the air force is that it operates from permanent bases. There is constant communication between the combatant and his commanders at all levels, including the air force commander. There is never a situation of a cut-off in communications that can happen in ground units. This cut-off at times causes an accumulation of tensions and becomes a focal point of agitation.

[Question] There were no pilots who opposed the order to bomb Beirut and its residential areas?

[Answer] There was never an order to bomb Beirut or its residential areas. The orders that the air force pilots receive are specific and precise including an exact explanation of the target and the objective that must be achieved. Therefore, there was never an order to a pilot to bomb the city of Beirut or its residential area but rather specific targets and objectives in which the terrorists were concealed. We had hesitations and difficulties as to how to prevent as much as possible casualties among civilians who were in the vicinity of the terrorists. Very great efforts were made to destroy the targets with maximum reduction of the danger that civilians would be hurt. This consideration at times influenced the selection of the weapons systems which we used and also the selection of the method of attack. On more than one occasion we endangered the pilots in order to minimize the possibility of casualties among the Arab civilians. Unfortunately, we were not always successful in preventing civilian casualties because of the population density and the closeness of the terrorists and the civilians as well as because of the natural dispersion of fragments and a deviation, here and there, of a bombing.

[Question] Has there been a change in the dimensions of volunteering by conscripts for the flight course of the air force?

[Answer] No substantial change. We have an excellent rate of volunteers, and we have all the candidates we need to staff the flight courses and other courses. If there has been a change, it has been for the good. There has been an increase in the number of volunteers.

[Question] And in their quality?

[Answer] The quality is very good. The level of education is increasing all the time.

[Question] Recently much has been spoken and written about the kibbutzniks, as if their motivation has decreased and they tend to volunteer less for flight training. Have you noticed this?

A Passing Situation Stemming from Political Actuality

There has been a large increase of volunteers from the urban sector and recently a marvelous phenomenon: The number of volunteers from the development towns has been increasing gradually and significantly. These volunteers were also prepared in the past to join the flight course, but now a very substantial change has occurred in their quality and education. Many volunteers from the development towns now have the suitable qualifications.

What has happened is that the proportions in the air force have changed: The relative percentage of kibbutzniks and moshavniks among the pilots was until a few years ago very large, well beyond their percentage of the population. Now this component has become smaller. There has been a certain decrease among the kibbutzniks that stems from the attitude of not becoming an officer in the IDF and not serving for a long period of time, much beyond the obligatory service. In the air force, a pilot officer is required to serve several good years.

[Question] Are you worried about this process?

[Answer] No. This is a passing situation stemming from the political actuality. It is also changing. This is not an historical process. In the final analysis, the number of pilots from the kibbutz movement is not large.

[Question] Was the number much larger at one time?

[Answer] Yes. The one that will eventually lose over the long term will be the kibbutz movement itself in that it will not have a proper representation in the most advanced segment of the IDF combat forces.

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UNEMPLOYMENT PAYMENTS FOR IDF VETERANS DECREASE

Tel Aviv MA'ARIV in Hebrew 28 Jul 83 p 10

[Article by Gabi Kesler: "Unemployment Payments for IDF Veterans Will Decrease"]

[Text] Unemployment payments for veterans will decrease by about 20 percent. Concurrently, payments for veterans taking professional training will increase. This action was taken the day before yesterday by the Knesset in an amendment to the National Insurance Law.

Up to now unemployed veterans have been receiving bimonthly payments equivalent to 40 percent of the average wage in the economy (which now amounts to 1514,370 per month). This sum was frequently higher than the minimum wage in the economy, and a situation was created in which it was not worthwhile for a veteran without a profession to go out to work in that the unemployment payments guaranteed him a larger income. Now the law has been amended so that the payments will be 32 percent of the average wage (about IS11,500 per month). As such, in any case, if he goes out to work he will be earning more.

Another amendment that was approved yesterday stipulates that a veteran who takes professional training will receive in addition to subsistence payments the difference between the subsistence payments and the unemployment payments. Up to now there has been no incentive to take professional training in that the veteran who did take training received lower subsistence payments than unemployment payments.

Another amendment of the National Insurance Law that the Knesset approved the day before yesterday concerns the disabled population. The amendment stipulates that only a disabled person with a 40 percent or higher disability will be entitled to a disability benefit from the national insurance. Until now disabled persons with a 35 percent or higher disability have been entitled to a benefit. According to the national insurance estimates thousands of disabled persons will lose their disability benefit because of the amendment.

In contrast to the more stringent provisions there has also been an improvement in the coverage. The amendment eliminates the distinction that has existed between new disabled persons and those who were disabled prior to 1970. According to the amendment the older disabled persons will henceforth receive disability benefits or supplementary benefits to which heretofore they have not been entitled.

Compulsory Education for Military Personnel

Yosef Waxman reports: A compulsory education law for IDF personnel who have not completed elementary school was finally approved by a plenary session of the Knesset in accordance with a motion by MK Dr Yehuda Perah.

The purpose of the law is to assure that the military personnel complete their education not only in accordance with the desire of the individual but also as a defense service law. This is because it is in the national interest and that of society to give the military personnel the opportunity to acquire an education that will help them be suitably integrated into society and the economy.

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ISRAEL

ISRAEL LACKS ENVIRONMENTAL PROTECTION AGENCY

Tel Aviv YEDI'OT AHARONOT in Hebrew 28 Jul 83 p 19

[Article: "Quality of the Environment: A Portfolio without a Minister"]

[Text] Two ministers without portfolio, Ariel Sharon and Sarah Doron, are expecting together with a deputy minister without portfolio, Dov Shilanski, to receive appropriate assignments, but none of them will be involved in dealing with the quality of the environment.

A comment on this was made by former Member of Knesset Yosef Tamir, the man who in his time put the ecology on the parliamentary map while serving as chairman of a special committee on these matters: "In the current government there are 19 ministers and 8 deputy ministers. There are superfluous and splintered agencies, therefore it is surprising that there is no agency for environmental matters. The government's ignoring of the need to centralize environmental protection and quality of life matters is a serious deficiency. Israel is the only country that does not have an agency involved in the total complex and complicated problem of human environment."

Tamir serves today as chairman of the board of Life and Environment, a roof organization of non-governmental bodies in the country who are concerned about the quality of life and the environment.

It seems that his 16 years of service as a member of Knesset got him closely involved in this area and made him the leading opponent of ecological damage also in the non-parliamentary framework. It is precisely this description that causes him considerable discomfort at a time when he is participating in international conferences on environmental quality problems during which current information is provided on the many activities underway in various countries.

It seems that the struggle for the environment does not necessarily prevent the implementation of various kinds of developmental projects, but rather the need is created to achieve a balance between the conservation of nature, clear air, and clean water and industrialization, construction, and the use of chemical materials.

There is no doubt that the approaching elections for local authorities will be marked for the first time by the concern which the candidates will show for the quality of life and the environment.

The chairman of the board of Life and Environment claims that there is considerable public awareness today of everything connected with the quality of the environment and the prevention of nuisances. He believes that what is required now is the active involvement of the citizenry in guaranteeing their rights to suitable housing and modern environmental services.

Yosef Tamir can shake up directly the mayors and local authorities by virtue of his additional position as the local government advisor for environmental quality matters.

He believes that there is an anomaly in the restrictions imposed on the local government in matters vital to it. Transportation arrangements in the cities, the problems of the imposition of laws in the urban areas, and other matters related to environmental services must, in Tamir's opinion, be under the exclusive control of the local authority.

He adds: "There must be an end to the state of anarchy existing in Israel since the days of the British Mandate in which the local authority is dependent on government offices that oversee the funds. As long as there is no special government agency for environmental quality matters, urgent action must be taken without delay to transfer the service for the protection of the environment to an independent authority with the means and the teeth to impose the law and everything that that implies."

5830

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ISRAEL

BRIEFS

CONTAMINATED GOLAN WATER--The Ministry of Health has requested the Water Commission and the Meqorot Company to take whatever action they can to prevent the recurrence of the pollution of drinking water in the settlements of the southern Golan. The request of the Ministry of Health concerns the repeated pollution of the drinking water in the southern Golan. Coliform bacteria from an excrement source have been found in this water. The chief sanitation engineer in the Ministry of Health, Rami Halpern, has asked the Water Commission and the Meqorot Company to operate properly the purification facilities for the drinking water provided to the Golan settlements. He said: "It is clear to us that the pollution of the drinking water is caused by not operating regularly and properly the purification facilities for which the Meqorot Company is responsible." He added that the Ministry of Health will not hesitate to file a suit against Meqorot if the purification facilities are not operated properly in order to prevent a recurrence of the pollution. The chief engineer of Meqorot, Shmuel Cantor, said yesterday in responding to the claims of engineer Halpern of the Ministry of Health: Although in the past there have been several malfunctions in the purification system for the drinking water in the Golan Heights, all the water facilities in the Golan were inspected this week, and the results were normal. Engineer Cantor added that he was not satisfied with one inspection and ordered repeat inspections of the drinking water. Meqorot engineers also have begun an overall inspection of the water supply system in the Golan. He added: "If it will be necessary to install reserve facilities, we will do this within a month." [By Aharon Periel] [Text] [Tel Aviv MA'ARIV in Hebrew 29 Jul 83 p 3] 5830

CS0: 4423/168

KUWAIT

COLUMNIST EXAMINES STOCK MARKET IMPASSE

GF312026 Kuwait AL-RA'Y AL-'AMM in Arabic 30 Aug 83 pp 1, 23

["Opinion" column by al-'Udwani: "The Lame Law and the Legitimacy of Clearance"]

[Excerpts] It seems that the stock market in Kuwait goes from one crisis to another. The new law, which was regarded as the latest effort in the direction of solving this issue, has turned out to be yet another problem. It has become a big question that requires a simple answer. Why is a certain group, who were involved in the share trading, being treated differently from hundreds of others who are required to pay their own debts? With regard to this issue, are there privileged and disadvantaged children? Kuwaitis have become confused and perplexed in tackling this matter. Why did the clearance committee, in issuing its decisions, force many honest Kuwaitis--who did not inflict any harm on others--to pay their debts due, including interest, while at a time those who caused this problem and brought disasters to other citizens and to the country, only pay 25 percent of the interest due?

We support the government. From the beginning, we called for confronting this issue through just methods in order to preserve respect for law. The whole matter can be attributed to practices. Laws were passed one after the other. The latest law was passed as if it were designed to please and protect only one side.

The crisis continues. What is the attitude of those who paid in the past--through the clearance committee and all interest due--as they see others only paying 25 percent of the interest due? Who will refund these people?

The clearance committee has to ask itself the question how will it get out of this impasse. So either it comes up with a reasonable answer or it should resign, since its presence is no longer justifiable.

CSO: 4400/491

REPORT EXAMINES SAUDI INDUSTRIES

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English No 23, Jul 83 pp 37-55

[Article by Mushtak Parker]

[Text] FOR the last two decades oil has been the basis for Saudi Arabia's economic development. In 1982, for instance, oil accounted for about half the gross domestic product and 90 per cent of government revenue. The fluctuations on the international oil market necessitate a development strategy which takes into account the vulnerability of an economy dependent on a single resource.

The Third Development Plan (1980-1984) tries to meet the situation through the diversification of the Saudi economic base away from oil and petrochemicals to non-oil industries, mining and agriculture. Furthermore, according to deputy planning minister, Hussein Sajeeni, studies for the Fourth Development Plan are already underway to steer the kingdom towards the 1990s. It lays emphasis on gas surplus exploitation, finding oil alternatives, increasing internal output in every sector and lowering the costs of domestic products and services, thereby making them more competitive and attractive to the local consumer.

Since 1970 the kingdom has embarked on a series of Five-Year Development Plans to coordinate economic development. The first two Plans focused on the building of infrastructure and services, while the present one is geared towards:

- the achievement of social and economic progress in the kingdom;
- the diversification of the economic base with "realistic" speed;
- the preservation of oil resources to maximise long-term returns.

Industry, mining and agriculture are the target areas. Increasing production to lessen dependence on imports in these areas is another major priority. The Third

Development Plan allocated SR261bn to these sectors - 37 per cent of the total investments, compared to 25 per cent of the Second Development Plan.

In 1982 Saudi GDP was estimated at \$69bn - 15th in the world rankings. The industrial sector, recording a rapid growth last year, has contributed greatly to this. Apart from the increase in the list of industrial products which bear the "Made in Saudi Arabia" mark, the sale of domestic products reached SR20bn last year, compared to SR6bn two years ago, and SR2bn four years ago.

Saudi industry has also started to export. Last year, for instance, the ministry of industry issued 150 export licences to various factories. Plastics, aluminium and food products valued at SR300m were exported to Iraq, Kuwait, Bahrain, Yemen, Oman, the UAE and Jordan.

Other Saudi products available include biro pens, perfumes and cosmetics, air conditioners and tractors, Mercedes Benz trucks and refrigerators, carpets and porcelain bathroom fixtures. Important export items from the manufacturing sector, which also supplies domestic needs, are foodstuffs and beverages, textiles, building materials such as cement, pvc piping, paints, cables, paper, chemicals and plastics. Two Arab drug companies are also planned, one in Qasim and the other in Kuwait, each with a capital of \$56m, to meet the drugs and pharmaceutical needs of 12 Gulf states, which are the shareholders.

The kingdom now has more than 1,400 plants, producing all sorts of products. Despite the fall in the oil price, Saudi Arabia has emphasised that its present and future development plans will not be affected, as the plans have been budgeted on discounted oil

THIRD DEVELOPMENT PLAN (1980-84)

SUBSET ALLOCATIONS (million riyals)

Sector	1980-81 budget	1982-83 budget	percent change over last year	1981-82 budget	percent change two years	1983-84 budget	percent change over three years
Defence	57,774	92,886	-18.5	86,253	-11.5	56,982	3.2
Security	17,960			17,279	3.9	12,860	36.5
Manpower Development	27,791	31,864	-12.8	28,348	5.9	22,804	22.9
Social Development	13,581	17,010	-20.1	13,716	-0.9	12,384	10.2
Transport & Communication	34,880	32,532	-23.3	36,343	-29.4	32,079	-22.2
Economic Resource Dev	13,259	22,046	-40.1	22,879	-41.8	21,601	-38.9
Infrastructure	9,880	11,705	-18.1	14,128	-32.2	11,844	-19.1
Municipal Services	19,070	26,224	-27.3	26,292	-27.5	18,746	-3.4
Administration & other							
Government sectors	47,063	44,587	5.5	43,113	9.1	31,288	50.5
Lending institutions	20,000	23,282	-14.5	24,660	-19.5	19,480	3.7
Domestic Subsidies	9,020	11,182	-19.2	9,100	-9.9	5,100	78.9
TOTAL	290,000	313,400	-17.0	298,000	-12.9	245,000	5.1

Source: Ministry of Finance and National Economy

prices and the main industrial infrastructure projects have already been implemented.

According to the industry and electricity ministry, 76 permits for plans and factories were granted in the first three months of 1983. Another 500 licenced ones are under construction in accordance with the National Industries Protection and Encouragement System, which is aimed at producing local goods to replace imports.

The kingdom's industrial policy has two cornerstones - the government setting up basic industries needing intensive capital and long-term investment, and the private sector playing an important role in the non-hydrocarbon industries. The ministry of industry is concerned with setting up basic industries while Petromin supervises the oil and petrochemical industries. Industry Minister Dr Ghazi al Gosaibi emphasises that the speeding up of the establishment of the hydrocarbon industries and making good use of energy are vital to achieve a balanced rate of growth in the industrial sector.

According to Gosaibi, the chief goals of industry are the development of non-hydrocarbon industries, the development of natural, human and material resources, appropriate regional distribution of industries, development of the private sector, the achievement of self-sufficiency in important products and improvement of operational efficiency.

The government's non-oil industrial policy is aimed at the private sector. New laws have recently been introduced by the Council of Ministers to help the private sector secure development opportunities in the local markets.

The new laws require foreign companies getting Saudi contracts to give part of their work to Saudi contractors, while certain categories of state projects will be exclusively assigned to Saudi contractors. Foreign firms will also have to have a Saudi partner and help

bolster the local partner's potentialities, such as generating new sources of expertise.

The message to the private sector is clear - the government will supply a "suitable environment" for industry, that is, plenty of petrodollars and cheap energy, and in return, the private sector will set up advanced capital-intensive industries to be able to cope with the acute labour shortage in the country. To the Saudi investor the incentives are better than those in any of the industrialised countries. He gets land on lease at 7 halalas per metre, pays 5 halalas/kw for electricity, and gets 50 per cent capital loans from the Saudi Industrial Development Fund (SIDF) or the Public Investment Fund (PIF) at minimal interest rates.

SIF, founded in 1974, has loaned more than SR12bn to Saudi companies, while PIF, formed in 1972, has extended loans valued at SR75bn. Although lending institutions took a 14.5 per cent cut compared to last year in the recently-announced 1983-1984 budget, both SIDF and PIF will be allocated equal shares for this year from their portion of the SR20bn budget allocation.

The Saudi Consulting House, a semi-governmental agency, helps streamline projects by cutting down on non-feasible ones through market and project research studies, which have become the guidelines for planners and bankers. In addition, the government has built industrial towns, such as Riyadh, Jeddah, Dammam, Al-Qasim and Asir, where land and electricity are provided at nominal rates. The Makkah and Madinah Industrial Towns will be set up soon.

The industrial cities of Jubail and Yanbu, on the Arabian Gulf and on the Red Sea coast, although concentrating on oil, have a vast secondary and tertiary non-oil industries potential. To help promote local industrial products the ministry of industry is setting up permanent exhibitions of national products in Riyadh Industrial Town.

Last year, Saudi imports totalled SR140bn, mostly from Japan, France, West Germany, the US, Singapore, the UK, Italy, Holland, Brazil, South Korea and Spain. These included machinery and equipment, cars, foodstuffs and livestock, textiles and fabrics, precision machines, cereals, wood, cement, glass and ceramic products and jewellery.

Despite the infancy of Saudi industry, the government has no plans for curbing imports. The ministry of industry is keen that foreign goods compete with Saudi products on the basis of quality and price. The 15-20 per cent customs duty on competitive goods is to give the Saudi product a protective start considering its infancy and inexperience in the market. The "Be a Saudi and buy Saudi

Goods" campaign of the ministry of industry is intended to help local industries by increasing demand and production, thus lowering prices and increasing export potential.

As industrialisation takes place, it brings attendant problems, such as pollution. The government has, therefore, introduced strong anti-pollution measures for industries. It has recently issued orders to the Jeddah and Al Yamama cement factories, forcing the former to relocate its operation away from population areas, and the latter to instal modern equipment to avoid future pollution.

The Saudi government has also expressed a need for cooperation in industrialisation between various Islamic countries.

SABIC: CURRENT INDUSTRIAL PROJECTS				
Project	Location	Feedstock	Product	Capacity MEPA
Saudi Iron & Steel Co. (HADEED)	Jubail	Iron ores Natural gas Scrap iron	Rods & bars	800,000
Jeddah Steel Rolling Mill Co. (SULSI)	Jeddah	Steel billets	Rods & bars	140,000
Saudi Methanol Co. (AR-RAZI)	Jubail	Methane	Chemical grade	600,000
Al-Jubail Fertiliser Co.	Jubail	Methane	Urea	500,000
Saudi Yanbu Petro-Chemical Co.	Yanbu	Ethene	Ethylene Ethylene Glycol LDPE HDPE LDPE	450,000 220,000 200,000 90,000 280,000
Al-Jubail Petro-Chemical Co. (KEFYA)	Jubail	Ethene	Ethylene Ethylene Dichloride Styrene Ethanol Caustic soda Chemical grade Methanol Ethylene	856,000 434,000 295,000 281,000 377,000 650,000 500,000
National Methanol Co. (IBN SINA)	Jubail	Methane	Methanol	500,000
Arabian Petrochemical Co. (PETROKEMYA)	Jubail	Ethene	Ethylene	130,000
Eastern Petrochemical Co. (SHARIQ)	Jubail	Ethene	LDPE Ethylene Glycol	300,000
National Industrial Gases Co. (Ghazal)	Jubail	Air	Nitrogen Oxygen	400/day 1,200/day

Source: Sabic

Adopting the Basic Formula

THE Saudi Basic Industries Corporation (Sabic), a wholly government-owned agency set up in September 1976 to implement heavy industries projects in the petrochemical, iron and steel, nitrogen fertiliser, and industrial gases sectors, reached an important landmark in April. It signed two agreements with the Japan-Saudi Arabia Methanol Company (JSAMC) to market most of the chemical grade methanol produced by the Saudi Methanol Company plant (Ar-Razi) at Jubail; this signalled the start of Saudi Methanol's production. After years of planning, Ar-Razi, and the Saudi Iron and Steel Company plant went into production this year. Other Sabic ventures are to follow suit soon.

Ar-Razi, a Japan-Saudi joint venture,

costing SR860m, is now producing at 40 per cent of its 600,000-tonnes-per-year capacity. The agreement formalises joint venture obligations agreed in November 1979 - that JSAMC, a consortium of Mitsubishi Gas Chemicals, Mitsui Toatsu Chemicals, Sumitomo Chemicals, Kyowa Gas Chemical Industry, and C Itoh Company, will buy half the methanol produced at Ar-Razi to be used in Japan. The rest is to be marketed internationally by both the Saudis and Japanese.

The accord was signed by Sabic managing director and Ar-Razi chairman, Abdulaziz al Zamil, and JSAMC's president, Wakichi Nagano. The clauses requiring the overseas partner to buy 50 per cent of the product underline the tough joint venture atmosphere in the kingdom. In petrochemicals, such stipulations are a protection against the effects

of a depressed world market. Already Taiwan, Malaysia, Singapore, Australia and seven European companies have expressed interest in buying methanol from Ar-Razi.

Similarly the Jubail Fertilizer Company (Samad), another Sabic venture with the Taiwan Fertiliser Company, has started exporting urea. There is another inbuilt marketing clause: the Chinese company is required to market 60 per cent of the product, while the remaining 40 per cent is to be marketed jointly by Taiwan Fertiliser Company, Sabic and Saudi Arabian Fertiliser Company (Safco), the other major fertiliser producer in the kingdom. Some 80,000 tonnes of urea has already been shipped to Taiwan from Samad, which has a capacity of 500,000 tonnes a year.

Sabic is also taking steps to set up a nitrogen and oxygen plant in the Jubail industrial area to feed its project and Petromin's concerns there. The plant, with an overall daily capacity of 3,000 tonnes of nitrogen and 1,200 tonnes of oxygen, will go on stream early in 1984.

Sabic's projects include the National Methanol Company (known as Ibn Sina), which is to go downstream in 1984. A joint venture between Sabic, Celanese Corporation and Texas Eastern Corporation (both from the US), Ibn Sina aims to supplement Ar-Razi's output by 650,000 tonnes a year. The project is, to some extent, a risk since it banks on increased demand for methanol during an international economic recovery.

Sabic projects to go downstream by 1985 include Eastern Petrochemical Company in Jubail (Sharq), a joint venture with the Japanese consortium SPDC, the National Industrial Gases Company (Ghaaz) in Jubail, and the Arabian Petrochemical Company (Petrokemya) – the proposed ethane plant in Jubail from which Dow Chemicals of the US withdrew last year. Sabic has since signed a preliminary agreement with Chiyoda Chemical Engineering and Construction Company to design and build the ethane plant.

Sabic is also keen to press ahead with polystyrene, polyvinyl chloride, and butadiene plants. The corporation also plans to go public, allowing Saudis to buy shares in the company.

Petromin's Progression

PETROMIN, a name familiar all over the world, is the state organisation in Saudi Arabia which oversees the oil and mining sectors. Today Petromin, which started in 1962 with little more than SR1m (\$292,000) has a budget of over \$35bn and is involved in 20 projects, of which 14 have been completed and operational and six are under construction.

Last year Petromin's exports amounted to over \$30bn, and profits for the Saudi government totalled \$28bn. Internal markets include asphalt, aviation fuel, ship fuel and subsidised products such as diesel, gasoline and kerosene. Petromin's investment abroad is nominal compared to other state giants, but includes a 15 per cent stake in Suez Alexandria Oil Transport Company, an 18 per cent stake in Petroleum Investments Corporation, and a 16 per cent stake in Arab Company for Marine Oil Transport.

Petromin's first-stage project was in Jeddah – a plant for producing iron bars. Its next project, the Jeddah oil refinery, propelled it into the petrochemical era – the oil and MGS sectors, the cornerstones of industrial development in the kingdom. The second stage was the east-west pipeline which links Yanbu at the western coast to the Arabian Gulf terminals and oil fields. This was done with the help of another state organisation, Sabic, and the Royal Commissions of Yanbu and Jubail. Petromin's second-stage projects also include the second, third and fourth phases of the Jeddah oil refinery and the second phase of the Riyadh oil refinery.

Petromin's present projects include the Yanbu domestic oil refinery – which will have a capacity of 56m barrels a year with a full first-phase capacity of 170,000 barrels per day. The third-phase projects include several service stations in Jilfan, Dhiba, Tabuk, Al Jauf, Najran and Al Sulayyel, and the massive refinery being built at Rabigh by Petronella, the Greek company owned by tycoon John Latsis.

Petromin has a close relationship with Aramco, which is responsible for oil production and supplies the Petromin and Sabic ventures. Aramco celebrated its 50th anniversary two months ago with the opening of its latest project – the Exploration and Petroleum Engineering Centre (Expec) and the Central Dispatch Centre. As far as the Saudis are concerned, Aramco is an American company owned by the four major American oil companies, but its assets and installations in Saudi Arabia are the property of the Saudi government and it is in effect a contracting company, in charge of administration and management. Petromin markets Aramco's production of liquid gas and crude oil and the governor of Petromin, Abdel Hadi Taher, sits on the board of Aramco. Aramco's future projects include the building of the Al Shaqeeq and Qassim oil refineries.

Petromin has set up a long-term integrated programme to meet the growing demand for oil products in the kingdom and to boost the production capacities of the export refineries and the other projects of Petromin, such as the

transport and marketing of oil products locally and the east-west oil pipeline. The logistics of this programme demand advanced planning and implementation methods at all levels, including an integrated system using computers – both in the technical and administrative fields, for example to coordinate output operations, distribution of oil products throughout the kingdom, and the gathering and analysis of data.

"The Saudisation of jobs and development of manpower is a major goal of Petromin and the Third Development Plan," says Rifat Dushaisha, Petromin's vice-governor for planning affairs. At present a high percentage of Saudis are employed compared to the early years, when the organisation was almost entirely run by expatriates; in some divisions up to 80 per cent of staff were foreign. The organisation's dependence on foreign help in transferring technology and in project management is steadily diminishing.

In the fields of minerals, gold mining was recently resumed at the old Mahd al Dhahab mine, indicating that the kingdom, in an era of falling oil revenues, is looking for sources of income other than oil and gas. More significantly, a study conducted by Petromin over the past few years indicates that the kingdom is very rich in several mineral deposits and by the 1990s will be able to become an exporter of minerals and start establishing mineral-based industries.

Intensive exploration by the general directorate of mineral wealth has revealed some 700 mineral deposits, notably in the Al Dar Al Arabi region. According to Petromin statistics, 12 minerals are found in the kingdom: gold, silver, copper, lead, zinc, iron ore in large quantities which can be exploited commercially, phosphates, beryl, fluorite, magnesium, salt, and sulphur in smaller quantities.

Gas: Second Big Earner

NATURAL gas is fast becoming the second major source of revenue after crude oil in the kingdom. Following the completion of the first phase of the Master Gas System (MGS), the rate of gas utilisation as fuel or in industry has increased from 51 per cent in 1981 to 83 per cent last year. Similarly, by 1987, according to Sheikh Fahd al Khayyal, deputy minister for petroleum in the eastern province, MGS will make it possible to use 95 per cent of the natural gas which used to be flared.

Saudi Arabia's proven gas reserves increased from 68.8 trillion standard cubic feet (scf) in 1980 to 70.8 trillion scf in 1981; and the

search for new gas reserves is still going on. The kingdom's gas is associated gas and not dry, that is, it has five components – methyl, ethyl, butane, propane and pentane. The gas is used as fuel in the electricity industry, desalination plants and in fertilisers, especially pentane which is cheaper than the others. Analysed methane is also used as feedstock for the iron and steel industry.

The aim of the second phase of the MGS, "the backbone" of the industrial development plan of Saudi Arabia, is to use the gas which is now being flared, and to increase the methyl gas exports to the value of crude oil exports. This can only be achieved when one thermal unit of gas is equivalent to one thermal unit of crude oil, and when the profit margin of gas is above 25 per cent, to offset the high costs of development and marketing.

The first load of propane (178,634 barrels) and butane (94,900 barrels) steamed out of Yanbu Natural Gas Liquids (NGL) export terminal bound for Italy last October. The kingdom is investing a projected \$15bn in a coast to coast MGS network, of which the Yanbu and Jubail petrochemical complexes are the final first phase components. Since all Saudi oil fields are in the eastern province, the building of the Yanbu terminal will save North American, African, European and Latin American customers several thousands of nautical miles in loading distances previously done at the Arabian Gulf terminals of Ras Tanura and Juaymah.

For the first six months of 1983, daily production and distribution of NGL is projected at 600,000 barrels, of methane gas at 2 billion scf, of ethane gas at 375 million scf, and sulphur at 3,700 tonnes – all primarily for export.

The MGS operations start when gas produced with crude oil is collected at gas-oil separator plants in each of the Abaqiq and Al Ghawwar oilfields and piped to the gas plants in the eastern province. Impurities such as hydrogen sulphide are removed there and a sweet, dry gas is extracted for use as an industrial fuel or feedstock.

From gas processing centres at Shedgum and Uthmaniyah the remaining NGL and ethane is piped to plants at Yanbu and Juaymah for fractionation into their separate components. NGL from Berri (which does not collect ethane) goes to Ras Tanura and Juaymah on the Arabian Gulf for fractionation. In the fractionation plants, ethane is produced in gaseous form for use as a petrochemical feedstock in Yanbu and Jubail.

After the removal of ethane, the NGL is further fractionated into Liquid Petroleum Gas (LPG, which includes only propane and butane), and natural gasoline. LPG is exported

from Yanbu and Qaymah; in the case of Durr, it is exported from Ras Tanura.

The two important pipelines in the system are the 1,160km east-west NGL pipeline originating at Shedgum, south of Jubail, in the east and ending at Yanbu on the western coast.

The Private Sector Steps Forward

THE private sector of the Saudi economy is assuming an increasingly important role. According to a recent ministry of industry report, total private sector investment in the kingdom amounts to SR54.21bn (\$16bn), of which SR6.15bn (\$1.8bn) – 11.34 per cent – is foreign capital. Investment in this sector has quadrupled since 1977. The number of factories operating in the kingdom now stands at 2,694, of which 238 have some form of foreign capital investment.

The private sector has showed good progress, especially in agriculture, where the kingdom is working towards self-sufficiency in wheat and vegetable production in two years' time. In 1982, self-sufficiency was achieved in egg production, and Saudi Arabia is progressing towards the same goal in broiler chickens. The increase in dairy projects – from eight in 1978 to 27 last year – is also significant, while cattle rearing schemes jumped to 26, with a total investment of SR159m (\$46.5m). Cement production has also been increasing, from 4.2m tonnes in 1981 to a projected 13m tonnes annually by 1985.

The private sector covers almost all investment areas barring oil, which is the exclusive preserve of the government. It includes mining, industry, power generation, gas and water, transport, storage, communications, hotels, agriculture, finance, real estate, education and health.

Arab foreign capital has been invested in such diverse fields as bakery, meat canning, printing, plastics, industrial fibre, cement and marble production, fertilisers, furniture, textiles, refrigerators, air-conditioning, construction, beverages, soap and detergents, perfumes and jewellery. A country-by-country breakdown of private Arab foreign capital invested in Saudi Arabia and the total number of factories funded is as follows:

Country	Capital (SRm)	Factories Funded
Jordan	377,087	42
UAE	26,603	2
Bahrain	1,398,831	3
Algeria	10,450	2
Sudan	22,808	3
Syria	177,651	32
Iraq	37,792	6

Palestine	128,467	39
Qatar	9,200	1
Kuwait	2,629,058	21
Iranian	1,313,622	82
N. Yemen	1,300	1
S. Yemen	4,839	2

Individual investors have responded well to government incentives for manufacturing ventures, but there are still gaping holes in the Saudi manufacturing strategy. Many licences issued for potential factories have still to be taken up, and many ventures tend to be small by international standards. New projects are increasingly being subjected to feasibility studies carried out by the semi-governmental organisation, Saudi Consulting House (SCH), whose aim is to weed out the non-starters and to streamline industrial activity in the private sector. These studies are now being referred to by planners and bankers appraising project applications.

Needless to say, the kingdom's incentives for private ventures are amongst the best in the world. The Saudi Industrial Fund (SIF) provides soft loans over long periods and monitors the progress of approved projects. The Public Investment Fund also contributes to this area in a similar way. The foreign partner is allowed to invest in light industry and to repatriate profits in full – for five years without tax liability if the venture is licensed by the Foreign Capital Investment Committee as a joint venture. Local businessmen are also becoming more experienced in dealing with foreign partners, and the Saudi conditions specified in joint venture agreements are becoming tougher and tougher.

The emphasis on large, complex industrial projects is a sign of the new-found confidence of investors in Saudi Arabia's private sector, and the desire of the Saudi partners to gain control over manufacturing projects is encouraging. The list of examples is increasing, and includes the heavyweights of the Saudi private sector. Jeddah's National Automobile Industry (NAI) – a joint venture between E A Juffali and Daimler-Benz of West Germany – leads the market with its Hino and Mercedes trucks; the Al Zamil Group's Al Zamil Refrigeration Industries (ARI) is the market leader in air-conditioning units; Dammam's Aluminium Products Company (Alupco) is the kingdom's major aluminium extruder; and the Saudi Cable Company (SCC), the National Pipe Company (NPC), the Saudi Arabian Fabricated Metals Industry (Safami), Saudi Plastic Products Company (Appco) and its affiliate, Arabian Plastics Products Company (Alapco), of Riyadh, all have significant market shares. All these ventures were started on a large scale, with the intention of capturing

the local markets and eventually exporting to neighbouring Gulf countries.

The Al Khobar-based Al Zamil Group remains an important example of the private entrepreneurial spirit in the kingdom. Founded in the 1930s by the late Abdullah Hamad al Zamil, the group has emerged as one of the kingdom's major industrial enterprises, active in commerce, services and manufacturing.

Oil Price Fall Curbs SIDF

THE Saudi Industrial Development Fund (SIDF), set up in the summer of 1974 to promote industrial development in the private sector, is continuing to finance manufacturing ventures, but with a more conservative approach in a climate of falling world oil prices. The fund, set up by Royal Decree No. M/3 and affiliated to the ministry of finance and national economy, has increasingly been offering consulting services to ensure that projects are viable. In addition to its role as a medium- and long term moneylender, SIDF is also playing an important part in providing the necessary administrative, technical and marketing support to ensure the success of the projects it funds.

According to its latest annual report, the fund is also employing a follow-up system which involves a technical checking of buildings and equipment, efficiency of operations, and administrative potential. The industrial projects financed by the fund between its foundation and the end of 1981 totalled 650, with a total allocation of SR801bn (\$234bn), of which SR508bn (\$148bn) had been used by the end of 1981. In 1980-81 alone SR103bn (\$30bn) was allocated for 73 projects.

During this period the building materials sector recorded a fast rate of growth, with 28 new plants established for the production of red brick, pipes, cement and ceramics. Loans worth SR1.4bn (\$409m) were extended to this sector, while loans to the engineering sector for 1981 amounted to SR221m (\$65m), raising the value of the total financial commitment made to this latter sector to SR10.4bn (\$3bn). In 1981 17 new plants started production, manufacturing insulated metallic sheets, steel pipes, car radiators and coolers. The fund is expected to increase investment in this sector in view of the tremendous interest it has generated among investors.

Private investors in the kingdom consider the chemical and plastics industries as the fastest-growing ones; in 1981, 101 permits were granted in these sectors, with a fund allocation of SR904m (\$264m). The present trend is towards more ambitious chemical projects,

and the fund has undertaken a feasibility study of the investment potential of calcium carbide, a raw material used in the manufacture of acetylene and resins, chemical foams, paints and refrigeration gases.

Other sectors in which the fund has extended loans include electric power, agriculture, furniture, paper and foodstuffs.

Year One of Saudi Steel

THE establishment of the Saudi Iron & Steel Company (Hadeed) in 1979 at Jubail is an important component of the Third Development Plan's strategy of diversifying the kingdom's economic base and searching for alternative sources of income. According to Petromin, Saudi Arabia's oil exporting organisation, the kingdom has large deposits of gold, silver, copper, zinc, lead and iron ore which can be exploited commercially. Over 300m tonnes of iron ore and limestone have been discovered in the Sawawin region in northwest Saudi Arabia, and these deposits can be exploited to develop a flourishing indigenous iron and steel industry.

Hadeed, a 80-20 per cent joint venture between Saudi Basic Industries Corporation (Sabic) and Korf Stahl of West Germany, started production early this year – the first integrated iron and steel facility in the kingdom. The company is already producing reinforced iron bars, and its production capacity when it becomes fully operational will be 800,000 tonnes of sponge iron, 850,000 tonnes of steel billets and 800,000 tonnes of rods and bars. The SR3bn (\$880m) project will provide the domestic market with most of its iron and steel needs. The complex itself includes complete industrial units for the production of iron and steel, and unloading facilities for ships.

Dr Ali Abdul Rahman al Khalaf, chairman of Hadeed's board of directors, has signed contracts worth \$50m for the import of ingot iron from Sweden and Brazil. During the next five years, 1m tonnes will be shipped from each country to Jubail port.

The company, aware of its future manpower needs, follows a vigorous Saudisation policy. Many of Hadeed's Saudi employees have been or are on training courses in West Germany, Britain, the US, Switzerland and Austria.

Sabic has set up a complementary venture to Hadeed: the Jeddah-based Jeddah Steel Rolling Mill Company (Sulb), a SR70m (\$21m) joint venture with West Germany's Korffhandel. Sabic acquired Sulb in 1979 and started a modernisation programme – eventually the plant will produce 140,000 tonnes of bars and rods annually.

'Quality' Tag at National Pipe

III: National Pipe Company Limited (NPC), established in 1978 as a limited liability company registered in Saudi Arabia, epitomises the success and flair of the kingdom's impressive private-sector manufacturing ventures. It is a Saudi-Japanese joint venture: the main partners are Prince Saud bin Naif bin Abdulaziz and Sheikh Teymour Alireza, president of the Alireza Group, from Saudi Arabia; and Sumito Metal Industries and Sumito Corporation, both subsidiaries of the Sumitomo Group, from Japan.

The company is capitalised at SR50m (\$14.7m), 51 per cent owned by the Saudi partners and 49 per cent by the Japanese. It is now the market leader in Saudi Arabia's steel pipe industry, producing 120,000 tonnes a year of 20- to 60-inch diameter spiral pipe. NPC has the capacity to produce pipe of up to 80 feet in length – the longest single-joint pipe in the world.

The plant, on a 400,000 square metre site about two kilometres off the Dhahran-Abqaiq road southwest of Al Khobar, was constructed by Sumitomo, who also supervise operation and quality control and supply the chief raw material used: hot coils. After inspection, the coils are fed into pipe-forming systems which transform hot-rolled strips into pipe. NPC has two pipe-forming mills, manufactured by Sumitomo Heavy Industries under licence from Blohm and Voss of West Germany.

The pipe undergoes various tests, using X-ray radiography and hydrostatics. The finished product is tested further at the NPC laboratory, which is equipped with some of the most modern equipment – including the hydrogen induced cracking system, which evaluates welded pipe intended for sour gas lines.

Pipe manufactured at NPC is used for the transmission of natural gas and oil, and for constructing low and medium pressure city gas mains, water mains and steam or gas piping in chemical plants and petroleum refineries.

NPC's main customers since 1980 have been Aramco, Ballast Nedam and Petromin, plus other contractors working for the Royal Commissions for Jubail and Yanbu and for Saudi government contracts. Since September 1980 more than 65,000 tonnes of spiral welded steel pipe has been supplied to Aramco and over 40,000 tonnes to other contractors.

In 1982 NPC won an order worth \$50m for the supply of 45,000 tonnes of spiral welded pipe to the Saline Water Conversion Corporation for use in the Asir region and also gained offshore contracts from Aramco to

supply 50,000 tonnes of pipe to Marjun and the Zuluf oilfields. At present NPC is bidding on two major pipeline projects – one, of 225,000 tonnes, running from Jubail to Riyadh, and another, of 125,000 tonnes, from Riyadh to Qassim.

Government loans, for example the SR114m (\$33.5m) Saudi Industrial Development Fund 15-year loan at an interest rate of only two per cent, granted two years ago, helped to offset the high operational costs. The Saudi policy of urging government agencies to give preference to local companies has helped too, as has Aramco's decision to switch from seamless piping to spiral piping.

The NPC plant has 4,000 employees, mostly Filipinos and Indians, while the management and technical staff are largely Japanese. The company has gone to great efforts to keep its employees happy: especially the Japanese, who play such a vital role in the success of the plant. But NPC is also engaged in progressive Saudiisation, and already employs more than 20 Saudi nationals. In May the company opened a training centre at its premises to train a further 20 Saudis; instruction is provided by Sumitomo Metal Industries personnel, with help from experienced Saudi and German technical staff.

English-language instruction is also an integral part of the training programme, which lasts for 18 months. Scholarships to Japan for further training are also offered, in keeping with the aim of achieving full Saudiisation at a technical level eventually.

"NPC for quality" remains the company's slogan, and a blend of Saudi business flair and Japanese diligence has transformed the company – which almost did not get off the ground due to the dramatic rise in Saudi construction costs after the 1973 oil price rise – into the Middle East's largest steel pipe manufacturer.

Fruitful Activities

SAUDI ARABIA'S first gas-based petrochemical venture, Safco (Saudi Arabian Fertilizer Company), has continued to make great strides since its ammonia/urea complex in Dammam started up in 1969. Both 1982 and 1983 to date have been record-breaking years in terms of sales and production, and according to Safco's marketing director, Talat Abdul Hamid Anbar, most of this year's scheduled production has already been sold at competitive market prices.

During January Safco sold 23,171 tonnes of chemical fertiliser (urea) to local markets, mostly to customers in the Al Kharij and Qassim regions, where the soil is very fertile

and suited to farming. This represents a 15,000-tonne increase on the same period last year.

Anbar emphasises that Safco's success is mainly due to the uninterrupted operation of the plant at near-peak (94 per cent) efficiency, and to the tremendous efforts of its technical personnel. Safco's steadily improving performance over the years has made its name synonymous with quality, reliability and dependability, both in the local market and in the urea-importing countries of the world. Last year Safco delivered 355,049 tonnes of fertiliser, of which 291,580 tonnes were exported (253,561 tonnes by sea and 38,019 tonnes by land) and 63,469 tonnes – a 40 per cent increase on 1981 – were sold in the domestic market.

At the end of 1982 the company had only 30,612 tonnes of fertiliser in stock – a sound position in view of the current marketing conditions. This year Safco has started to sell four products in the domestic market: urea, ammonia, sulphuric acid – which it also supplies in two-gallon containers – and distilled water. With the help of Saudi Basic Industries Corporation (Sabic), Safco has also recently reached an agreement with the kingdom's other leading fertiliser firm, Al Jubail Fertilizer Company, concerning Safco's market share in the kingdom.

From Mexico to the Philippines, from Zambia to Turkey, Safco has established Saudi Arabia as a major exporter of quality urea over the past 10 years. The company is a subsidiary of the Saudi ministry of industry and electricity, which until 1979 held 51 per cent of the outstanding shares, with the remaining 49 per cent held by private Saudi shareholders. In 1979, a Council of Ministers' decree authorised a participation scheme through which 100,000 of the government-held shares were allocated to Safco's Saudi employees.

A seven-man board of directors, headed by the chairman, Mahmood Taiba, and the vice-chairman, Abdulaziz al Zamil, sets corporate policy, deciding on such matters as increasing production, minimising losses, eliminating pollution, exploring avenues of new investment, improving efficiency and opening up new markets. In line with the trend towards Saudisation, the company also offers training opportunities for Saudis at its in-plant training centre, and is playing an increasingly major role in the training of selected personnel for other industrial projects in the kingdom.

Roughly half the company's 510 employees are Saudi; the remainder represent some 10 nationalities. The company has a bonus incentive scheme, based on annual production levels, for which all Safco employees qualify. Other benefits to which all company

employees are entitled include housing allowances, and free medical services for themselves and their families.

Safco's 600 tonnes a day ammonia plant and 1,000 tonnes a day urea plant incorporate the most advanced petrochemical processing technology; the company has its own electricity generators, deep-water wells and gas purification systems, and is only dependent on outside supplies of natural gas from the kingdom's plentiful reserves for its efficient operation. The recently-commissioned sulphuric acid plant is designed to meet the kingdom's growing needs through the 1980s – principally in the vital area of preventing alkaline scale build-up in desalination plants.

The company's active marketing strategy assures on-the-spot after-sales service through a network of agents in 10 countries. Advice is available from agronomists, who assist local farmers to maximise the benefits offered by urea fertilisers, and Safco's representatives also provide free technical consultation on the design of sulphuric acid handling systems.

The Kingdom's Live-Wire Enterprise

THE idea of a Saudi cable factory started in the early 1970s. In 1974 a joint venture, Saudi Cable Company, was formed with the American company, Anaconda, one of the largest cable manufacturers in the US.

Arabia spoke recently to Saudi Cable's president, Omar Hashim Khalifati.

Can you tell me something about the background to SCC?

Saudi Arabia is not an industrialised country, it is a developing one; in many ways it lacks the technical base and the human resources needed to support the industry. These are the two elements that are needed most for any development.

A cable factory was vital because it adds to the infrastructure. No development is possible without electrical power; and electrical power without transmission and distribution is not possible. Cables are not a luxury. A country cannot afford to rely for long on the import of cables. Cable manufacturing after all is a major industry, and a must for all developing countries.

But it is not easy to set up a cable factory. It is not easy to bring 500 to 600 people, from different cultures and languages and relocate them in a country new to them. Spare parts are also a big problem – we are far away from the sources of these. Marketing is another problem. Ours is a free enterprise country. Cables from every part of the world are available here. Though there are laws encouraging local industries, there is nothing

to stop contractors or consultants dictating their own choice or specifications.

The development plans aim to improve the life of the Saudis. They stress infrastructure more than anything else. The Third Development Plan (1980-1985) is unique in so far it stresses human resources. In such a creative scheme of development conceived by the government the Saudi Cable Company fits very well. It serves the electrical sector well.

The government has commissioned a major study for the electrical system in the country. The government wants a modern and efficient system that should consist of four networks, one each in the south, west, in the centre, in Riyadh and Gassim areas, and in the east. Hopefully, in the next ten years, these four large power networks will consolidate hundreds of the small companies spread over the kingdom into one national grid.

It was determined by the shareholders and by the government that it was feasible to start a cable factory in the kingdom. Despite the difficulties and obstacles that were there the machinery was bought and installed. The very first shift for running the factory was procured from Egypt, and subsequently we added another shift from Taiwan; and after that, in the third year of operations, we started a training programme for Saudis. And today we have a Saudi shift.

Is SCC the first cable company in the kingdom? How does it compare to similar companies in the Middle East?

We are the first in the kingdom. There are other cable factories in the Middle East. Egypt has been in production since 1962 and has been engaged in cable production for more than 20 years. However, in three years we have quadrupled Egyptian production. In fact, SCC is one of the leading cable and wire companies in the world.

The management and government have helped a great deal. The port authorities require hardly 48 hours for the goods to clear, and their claim that Jeddah and Damman ports are the best in the world is a genuine one.

There are copper deposits in the country which will be mined and provide SCC with raw material. The Jubail and Yanbu petrochemical projects will produce PVC and polyethylene. The shortage of labour is being offset by streamlining our operations and introducing automatic or semi-automatic processes based heavily on computers. In the future we intend to introduce more automation. We are able to pick the best of the multinational brains who are capable of progressing quickly and meeting the entrepreneurial challenge that we have here.

In what manner does SCC help in decreasing the imports of wire and cables into the kingdom?

The kingdom's cable requirements are huge, and we have been able to cover up to 40 to 50 per cent of needs in the low tension variety. But when we finish our expansion plans we hope to cover up to 60 to 70 per cent of the kingdom's requirements.

How does SCC help in the conveyance of technology to Saudis?

We are conveying technology through training. We have established a training centre. We want it to ensure that at least one shift of Saudis can operate in case of any trouble when we cannot get expatriate workers.

We have started a training programme with the assistance of the ministry of labour and social affairs, and they have provided us with very valuable assistance, both in the development of our on-the-job training and in absorbing the expenses of the trainees. For higher levels of training, we send our engineers to our partners and also to other factories abroad.

How much time would it take SCC to replace the non-Saudi skilled workforce?

At present we have about 30 per cent Saudis out of a total workforce of about 800. Saudi Arabia has a chronic shortage of human resources, particularly skilled labour. We hope soon to be able to train more Saudis in our operations. For some time to come, Saudi Arabia will still need the services of expatriates but not necessarily at the same level as it is at the moment.

Can you tell us about SCC's major shareholders and technical collaborators?

SCC is a Saudi-American-Dutch joint venture, with 75 per cent of the shares held by private Saudi businessmen, and 25 per cent of the shares held by Standard Oil of California through its subsidiary in Riyadh, Chevron Arabia, and NKF Groep BV, a wholly-owned subsidiary of Philips of Holland.

Our technical assistance comes from the NKF Groep BV, Standard Oil of California provides us with assistance in management, computers and systems, and they have personnel seconded to us.

Do you have support from the Saudi government?

The support of the ministry of industry and electricity has made SCC a reality. We were allocated land at a nominal rent in an industrial estate, on a renewable lease. Then there is the loan facility: 50 per cent of the cost of the project is allowed as an interest-free long-term loan from the Saudi Industrial Development Fund. There is also a law passed by the Council

of Ministers that obliges contractors working for government projects to purchase locally-manufactured products.

What are SCC's products?

We make electrical wires and cables. We make wire that is needed for lighting and airconditioning, and the whole range of wirings for residential buildings and commercial installations.

We also make power cables for the electric utilities. At present we produce only low tension cable. In a year's time we will be able to provide medium and high tension cables also. We do not make communications cable, but we plan to do so in future.

What of SCC's quality control?

Ever since we set up the factory we knew that to sell our cables we would have to produce quality cable to internationally-approved standards. We made it clear in our management philosophy and quality control policies that quality had to be maintained at all costs; indeed, that the very survival of the company depended on the production of the highest quality cables.

We not only adhere to Saudi standards made mandatory by the Saudi Arabian Standards Organisation, but also to the International Electro-Mechanical Standards, British, German and US Standards. SASO is already engaged in unifying and modifying all the different standards.

We have gone a step further; we addressed ourselves to the local environment, which other cable makers around the world do not take into consideration when selling to Saudi Arabia. We told our partners, with whom we carry out research, that ours is a desert climate and that the heat has a definite effect on the cable. We found that there are things that can be done with the material to make it withstand the kingdom's harsh weather. We realised that we must produce extraordinary quality cable to survive in the market.

How do you compare your products with imported ones? How competitive are your prices?

Our cables are better quality than the imported ones, even from Europe, America or Japan. The European consultants of SECCO Central, Riyadh, told us this. Being a young cable factory, competing with giants who have been in business for decades, we could only stress quality and offer service. Only in this way could we have an edge over others.

There are many cases when the customer is frustrated with foreign suppliers' cables, which were far from the desired specifications. To add to his difficulty the supplier was not easily contactable. We are just a phone call away.

Price is not the most important element. We

sort out customers who are quality conscious and for whom the price is not at issue. At present, with recession-hit factories in Europe, America and Japan operating at 50 per cent capacity or less, their prices are rock bottom and they are dumping cables at material cost.

We found that cables in Jeddah are cheaper than cables in the country from which they came.

When a foreign supplier sells to its own utilities they make a profit. To gain hard currency by selling abroad, they cut their prices considerably. In many instances we found that, in addition, some countries give export subsidies ranging from 15 to 40 per cent. At the moment the kingdom is the best cable market in the world because of its all-round development.

In what way does SCC serve its customers?

We can be consulted on design, on the appropriateness of the cables to their intended application, and the like. We study the project with the customers and in that we involve our engineering and technical departments. We offer all round advice. We conduct seminars at different places with the collaboration of our technical partners.

What kind of research is SCC undertaking?

Our efforts are focussed on the application of new cable technology, rather than on pure research. We are only five years old; and we rely on our technical partner to provide the latest technical development.

After we have finished our expansion programme we intend to have a development programme which will enable us to concentrate on the application and the development of cable technology. I expect Saudi Cable will be able to establish its own research and development department in three to five years.

What of your expansion and diversification programme?

We commissioned a study on all aspects of expansion with a view to not only increasing our cable manufacturing capacity to meet market demand, but also to see how we could lower our costs. We therefore had a two-pronged attack:

- Expansion - the greatly expanded production of all types and sizes of cables needed in the kingdom;

- Manufacture of raw materials locally, such as copper and aluminium rods, PVC compounds, and wooden reels. The copper cathodes coming from Africa, going along the Red Sea and reaching Japan or Europe for reprocessing, and then coming back to us - all that meant double freight and double handling.

We could buy our cathodes from Africa, or from Oman, where Saudi Arabia is financing a

copper mine. Oman will be producing copper cathodes in six to twelve months. Our expansion plans include the processing of copper cathodes into rods and this will reduce our rod cost and give us control over quality and availability.

At present we buy our copper rod from four or five suppliers and so the quality varies and this increases our production cost. Scrap cost will be reduced also by remelting and reusing copper rod instead of selling it at 60 to 70 per cent of its value, as we do now.

Today, we buy our PVC insulating material already compounded, from Europe and Japan. With the developments in Jubail and Yanbu, and the emergence of the petrochemical complexes, the production of resin, the basic element of PVC, will start.

We can use the resin as a basic raw material and bring the additives for mixing, and thus make the PVD compound ourselves. We will be buying the compounding machinery and will put it up next door to the cable plant. It is yet another expansion by way of raw material processing. We use up to 80,000 wood reels a year. If we make them ourselves it will considerably reduce our cost.

We are also seriously studying telecommunications cables, an area that should be given priority. We are focussing now on establishing a cable plant for telecommunications cables.

Does SCC have any links with Midal and Alba of Bahrain, or others?

Since our operations in 1978 we have established contacts with Midal Cables, Bahrain. They make aluminium cables only, and we make all kinds of cables, copper, aluminium, both insulated and bare. They only make bare overhead lines of aluminium. But they have an excellent location, next to the Alba (Aluminium Bahrain) smelter, where they obtain their aluminium in a liquid form. They transform it into rod, and draw and

strand it, and make overhead bare conductors.

We have cooperated with them for the last four years, and this cooperation has now culminated in a merger. We consider Midal a branch of SCC in Bahrain, and it fits very well as an example of industrial cooperation among members of the Gulf Cooperation Council (GCC). We can provide a market for Midal. The kingdom requires aluminium overhead lines, and by joining together our capacity has increased.

Can you tell us about SCC's capacity, production, sales and supply? Do you export any part of your production?

We do not export - the kingdom is our best market. We hope to cover 60 to 70 per cent of the home market soon. We started from a mere 6,000 tons capacity; last year we produced about 25,000 tons, and, this year we are going to 35,000 tons of metal only; and by the time we finish our expansion we will reach 50,000 tons of metal, aluminium and copper. We will be producing 100,000 tons of cable, which is a huge capacity by international standards.

In real terms, our sales grew from SR 15m in 1978 to SR 312m in 1982. We will reach SR 500m in 1983. Ultimately, our sales will reach SR 700m to SR 800m. We started with as few as 95 employees in 1978; today we have over 800.

What are the major projects of the kingdom in which SCC is involved?

There are lots of projects, and it is difficult to list them all. However, we are involved in all the projects carried out by the Saudi Electric Consolidated Companies throughout the kingdom, whose power networks cover hundreds of cities, towns and villages. In addition, SCC sells cables to all the seaports, all the airports, the King Khaled Military City, a number of civil and defence projects, all the universities and the educational institutions, hospitals and the projects of Jubail and Yanbu.

DEFICIT OF \$627 MILLION POSTED

London AL-MAJALLAH in Arabic No 179, 16-22 Jul 83 p 46

[Article: "UAE Budget Deficit Of \$627 Million"]

[Text] According to estimates by the UAE Central Bank oil revenues last year fell to 34.6 billion dirhams (\$9.4 billion) from about 45.5 billion dirhams (\$12.4 billion) in 1981. The total surplus in the balance of payments fell by more than 50 percent, to 6 billion dirhams (\$1.6 billion), from 12.9 billion dirhams (\$3.5 billion) in 1981.

The surplus in current accounts in the balance of payments fell from 33.8 billion dirhams (\$9.2 billion) in 1981 to approximately 25.7 billion dirhams (\$7 billion) last year. The federal budget posted a deficit of approximately 2.3 billion dirhams (\$627 million) after posting a surplus of approximately 5.8 billion dirhams (\$1.5 billion) in 1981.

The Central Bank figures show that UAE revenues last year fell to 39.5 billion dirhams (\$10.8 billion), from 50.5 billion dirhams (\$13.8 billion) in 1981, and that expenditures decreased slightly to 41.8 billion dirhams (\$11.4 billion), from 44.8 billion dirhams (\$12.2 billion) in 1981.

Central bank statistics also show that federal government expenditures in the first quarter of the current year were 207 million dirhams higher than the same period last year. These expenditures amounted to 3.6 billion dirhams up to 31 March 1983, compared with 3.4 billion dirhams in the first quarter of last year. The total local money supply increased during the first quarter of this year, to 43.8 billion dirhams, despite the fact that the money supply decreased in the same period last year for technical seasonal reasons. The money supply rose by 129 million dirhams between the end of 1982 and the end of March of this year.

Certain banking circles have interpreted these positive signs in the money supply as resulting from the setting of maximum rates of interest on time deposits. Because of the reduced percentage of compulsory reserves on time deposits there are higher reserves on loans to these who are not residents in respect to the dirham.

The abundant money supply has led to lower interest rates on dirham-based loans and fewer local loans. Construction loans have posted the biggest drop, with total loans to this sector falling from 10.336 billion dirhams at the end of December 1982 to 10.035 billion dirhams at the end of March 1983.

UNITED ARAB EMIRATES

MINISTERIAL SHUFFLE NOT ACCOMPANIED BY POLITICAL CHANGE

London AL-MAJALLAH in Arabic No 180, 23-29 Jul 83 p 16

[Article: "Does the Cabinet Shuffle in the UAE Require Any Additional Changes?"]

[Text] One result of last week's cabinet shuffle in the government of UAE Vice President Shaykh Rashid ibn Sa'id al-Maktum, who is also the ruler of Dubayy, was that the posts of minister of economy and commerce and minister of planning, both of which had been vacant for 2 years, were assigned. This is not exactly what was intended. This was after two ministers--Humayd ibn Ahmad al-Mu'alla, who was appointed minister of planning, and Sayf al-Jarwan, who was transferred from the Ministry of Labor to the Ministry of Economy and Commerce--failed to take the oath on the constitution. Only five of the seven original ministers who were included in the ministerial shuffle took the oath on the constitution on Saturday, 9 July, before Shaykh Zayid ibn Sultan Al Nuhayyan, the president of the UAE. The five ministers who took the oath on the constitution were Faraj al-Mazru'i, who succeeded Sa'id Salman as minister of education; Khalfan al-Rumi as minister of labor and social affairs, Ahmad al-Tayir as minister of state for financial affairs, a new cabinet post; 'Abdallah al-Mazru'i as minister of justice; and Muhammad Hasan al-Khazraji as minister of Islamic Affairs and Waqfs. The Ministry of Justice, Islamic Affairs and Waqfs, which prior to the shuffle had been occupied by 'Abd-al-Rahman al-Bakr, was split into the Ministry of Justice and the Ministry of Waqfs and Islamic Affairs.

The ministerial shuffle had been expected for several reasons, most significantly the fact that there were three cabinet vacancies--foreign affairs, economy and planning. Additional factors were the resignation of several ministers without any official announcement, and the solution of several problems related to matters in several of the service ministries which fall, in one form or another, within the scope of federal budgetary matters, and the relations of these ministries with the Ministry of Finance which is a major factor in the planning and implementation of economic and trade policy, and which also extends to various aspects of daily life in the UAE. Nevertheless, for many reasons the timing of this shuffle came as a surprise. In particular, there has been a lot of talk about this shuffle. At a different time, more than a year ago, not many expected it to happen just now. The extreme suddenness of this shuffle was brought on by the

Failure of Humayd al-Mu'alla, who had been appointed minister of planning, and Sayf al-Jarwan, who was transferred from the Ministry of Labor to the Ministry of Economy and Commerce, to take the oath of office. There are now three ministerial posts that remain vacant: foreign affairs, economy and planning. This situation raises the following question: Does the shuffle need another shuffle? If the two ministers persist in their position and do not take the oath, it means that they tacitly reject their posts inasmuch as neither the government nor the two ministers have publicly given any explanation or statement about their failure to take the oath or the reasons behind it. The only hint about the matter appeared in the semiofficial newspaper AL-ITTIHAD which said that it had learned from official sources that Humayd al-Mu'alla, who has been appointed minister of planning, apologized for his failure to accept this post without giving any further explanations.

Observers are saying that despite the suddenness of the ministerial shuffle, the failure of al-Mu'alla and al-Jarwan to take the oath will have no political repercussions, and will have no effect on government tasks or programs. Some are interpreting al-Jarwan's failure to take the oath as due to the fact that he has been a minister for a long time and does not need to take a new oath. This is the most probable explanation. These people point out that this situation which accompanied the ministerial shuffle had also occurred when the formation of the same ministry was announced in early 1980. At that time Ahmad Khalifah al-Suwaydi, who was appointed minister of foreign affairs and resigned, did not take the oath. (He currently holds the post of presidential representative). Maj Gen Hamud ibn 'Ali, who also excused himself from participation in the ministry for a year and a half, later returned to the government to hold the post of minister of state for interior affairs. Despite the importance of these two individuals, their absence from the ministry did not have any effect on government policies and programs, or on their playing important roles in planning and implementing the higher policy of the UAE.

These observers are also saying that the self-disqualification of two ministers will not have any effect on government policies since, according to an official source, the ministerial shuffle will not be accompanied by any change in UAE policy at the local, Gulf, Arab or international level. The UAE's foreign policy is formulated and implemented at al-Batin Palace in Abu Dhabi where UAE President Shaykh Zayid has his official headquarters, and also through the UAE higher assembly which includes the rules of the UAE. This is also the situation with regard to important federal matters. Local matters concerning the seven emirates are dealt with in the palace of the ruler of each emirate.

The self-disqualification of the two ministers has so far not been announced publicly. It can be settled in the future through quiet consultation. It will, furthermore, have no effect on government programs. The Ministry of Economy and Commerce and the Ministry of Planning have been vacant for 2 years since the resignation of Shaykh Sultan ibn Ahmad al-Mu'alla from the Ministry of Economy and Sa'id Ghubash from the Ministry of Planning. Sa'id Ghubash became president of the Arab Monetary Fund. The two ministries have been run by two other deputy ministers. Informed observers of the two

ministries say that they basically did not assume the role they should have taken at the federal level after the Ministry of Economy failed to formulate federal economic laws and the Ministry of Planning failed to devise a comprehensive 5-year plan for the federation. This was one of the reasons behind the resignation of Sultan al-Mu'alla and Sa'id Ghubash, and consequently it was also the most direct reason behind the refusal of Humayd al-Mu'alla and Sayf al-Jarwan to take the oath of office when they were appointed to these ministries as part of the cabinet shuffle. Humayd al-Mu'alla was a major general in the police force and chief of police in Umm al-Qaywayn. According to observers, his policeman's personality and his juvenile interests and his interest in sports did not make him suitable for the Ministry of Planning. This means that al-Mu'alla may have wanted a different ministerial portfolio, one more closely associated with his interests. Or perhaps he prefers to continue to play a local role in the Emirate of Umm al-Qaywayn. His status and important position in his emirate has allowed him to enjoy special respect at the federal level. This is not the first time such feelings have been expressed. His older brother, Shaykh Sultan al-Mu'alla, resigned from the Ministry of Economy and Commerce 2 years ago. Upon leaving the post he said that he wanted a ministry in which there was work to do. He refused to be a minister without work. According to what he said, if money is what one desires from a ministry post he did not need it, nor did he need prestige since he is a member of the ruling family in Umm al-Qaywayn and is chairman of the Faha Oil Bureau. He was also a candidate for heir apparent in Umm al-Qaywayn before the position went to Shaykh Sa'ud ibn Rashid al-Mu'alla, the son of the ruler. These facts, which are consistent with Humayd ibn al-Mu'alla's failure to take the oath of office, are seen by observers as different from the set of facts on which Sayf al-Jarwan based his displeasure with his transfer from the Ministry of Labor to the Ministry of Economy and Commerce. The facts behind the al-Jarwan case can be understood if one understands the important role he was playing in the Ministry of Labor and Social Affairs. In this post he had been able to find an important role for himself at the Arab and international level by reaching a large number of agreements in which workers from densely populated Arab countries with a pool of technically skilled labor would be brought to the UAE. He also devised a comprehensive program to train workers in the UAE in accordance with its requirements for scientific, technical and professional competence and skills.

This program had a close connection with organizational decisions to deny visas for entry, work or residence, and transferring securities issued by the Ministry of the Interior. He was also able to establish a role in caring for the handicapped and supporting vocational and professional centers.

The question is this: Is the removal of Minister al-Jarwan from this sphere in which he devoted so much effort the reason for his unannounced, and perhaps temporary, failure to assume his post in the Ministry of Economy and Commerce, since on more than one occasion he has expressed the hope that he would be able to continue his program in the Ministry of Labor?

This is in addition to Sayf al-Jarwan's unclear position which the future will reveal. The cabinet shuffle which removed Sa'id Salman from the Ministry

of Education and 'Abd-al-Rahman al-Bakr from the Ministry of Justice, Islamic Affairs and Waqfs (which was divided into two ministries) raises many questions about the departure of these two ministers from the cabinet, especially in view of the fact the shuffle was expected to remove additional ministers. But the removal was limited to these two ministers, who, according to informed circles, had submitted their actual resignations from the cabinet. The most important event remains the resignation and removal of Sa'id Salman, who had made extensive personnel changes in the Ministry of Education and the University of the Emirates. His ministry had clashed with the Ministry of Finance and Industry over its requirements, particularly for teachers and instructors, in light of the programs and budget considerations. Their issue had been delayed so far.

With regard to this matter, observers expect the crisis in the Ministry of Education to be resolved after the ministerial shuffle. This will be due primarily to the higher directives for dealing with it appropriately and the fact that the ministers of education and finance used to work together prior to the shuffle in the Ministry of Finance and Industry. The Ministry of Education is headed by Faraj al-Mazru'i who prior to the shuffle was deputy minister of finance. Ahmad al-Tayir, who used to be deputy minister of finance, has been promoted through the shuffle to minister of state for financial affairs, a new cabinet position. According to official circles the person behind the creation of this new post was the strong man in the government, Shaykh Hamdan ibn Rashid, the minister of finance and industry who sought to create this post for the benefit of his chief assistant, Ahmad al-Tayir. This would allow Shaykh Hamdan the more time for his other responsibilities in the Emirate of Dubayy. Observers have noticed that the cabinet shuffle has introduced into the cabinet two former ministers who had been excluded from the government when it was formed in 1980. They are Khalfan al-Rumi who had served as minister of health in the former government of Shaykh Maktum ibn Rashid. He is now returning as minister of labor. 'Abdallah al-Mazru'i, who had been minister of labor, is also returning, as minister of justice.

Observers are pausing at the fact that the cabinet shuffle was one of a series of steps taken by the political leaders in the UAE. The most prominent of these steps was issuing the budget for the Emirate of Abu Dhabi and giving the green light to formulating the federal budget in its final form after determining the sources in which the emirates of Abu Dhabi and Dubayy will share, giving new impetus to the federal development of the UAE.

The new cabinet changes have been welcomed with great pleasure in the various political circles. As a result of the recent shuffle there are now 22 ministers in addition to Prime Minister Shaykh Rashid ibn Sa'id Al Maktum and his deputy Shaykh Maktum ibn Rashid and Shaykh Hamdan ibn Muhammad. The number of ministries has been increased to 23 after the separation of the Ministry of Justice from the Ministry of Islamic Affairs.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

CZECH INFORMATION DELEGATION ARRIVES--A Czechoslovak information delegation arrived in Aden for a visit that will last several days, during which it will sign a cooperation protocol with the PDRY on the exchange of expertise and programs in the field of television. [Summary] [GF010658 Aden Domestic Service in Arabic 1630 GMT 31 Aug 83]

CSO: 4400/501

AFGHANISTAN

BRIEFS

MUSLIMS LEADER CRITICIZES MONARCHY PLAN--Islamabad, 27 Aug (IRNA)--One of the top resisters of the Soviet-installed regime in Kabul said Friday that the Soviet Union and the United States are hatching plots against the Afghan nation and bringing back monarchy to the country. Islamic party of the Muslim Afghan Mujahideen leader Golbodin Hekmatyar [IRNA spelling] vowed that all possible resistance will be offered by the Mujahideen to thwart such a plot to bring Zhair Shah back to power. Zhair Shah was the last king who reigned in Afghanistan from 1933 to 1973. In July 1973 while the king was in Italy, the monarchy was overthrown and power came into the hand of former Prime Minister Gen Sardar Mohammad Daud Khan. Later the Soviet Union installed several of its agents as ruler of Afghanistan who were opposed by the Muslims of that country. In an interview with the Pakistani daily JASARAT, Hekmatyar said the Afghan Muslims are fighting for Islam and not for monarchy. He said the Muslims of Afghanistan will continue their fight until the overthrow of the Soviet's puppet regime in Kabul. [Text] [LD270957 Tehran IRNA in English 0907 GMT 27 Aug 83]

CSO: 4600/880

PRIME MINISTER GANDHI INTERVIEW WITH TIME OF INDIA

Bombay THE TIMES OF INDIA in English 14 Aug 83 Supplement pp 1, 4, 5

["Exclusive" interview with Prime Minister Indira Gandhi by Fatma R. Zakaria in New Delhi on 5 August 1983]

[Text]

IS President Jayewardene there?" I heard R. K. Dhawan calling Colombo as I entered his office in Parliament House to meet the Prime Minister on Friday, August 5. I had come in fifteen minutes before the scheduled time for interview. R. K. Dhawan's room was buzzing with activity. Parliament's proceedings were on the microphone system. Ministers, members of Parliament, officials kept constantly coming in and going out.

It had been a hectic week for New Delhi. Parliament in session, the Sri Lanka issue on the boil, political rumblings in Bihar. The Prime Minister had her hands full. She was to make a statement in the Lok Sabha on Sri Lanka later that day.

At 11.30 a.m. sharp, the call to Colombo over. G. Parthasarathi, Mrs. Gandhi's special adviser on foreign affairs, Dr. P. C. Alexander, her principal secretary, Shankar Bajpai, secretary in the foreign ministry, and Sharada Prasad, her information adviser, came out of the PM's office. Minutes later I was asked in along with Sharada Prasad.

Mrs. Gandhi stood by her desk putting away some papers. She looks tired; she has aged; I had heard someone comment recently. I have seldom seen her look better, fresher. The same slight figure, the same clear skin — no wrinkle, not a shadow. The same streak of grey in her hair. She wore no make-up. She was dress-

ed elegantly in a crisp khadi printed sari in mauve and white. She looked calm, confident, at the same time, more vibrant, even more agile and youthful. In fact, if anything it would seem as if she had knocked a few years off her age. I could not be far wrong. For, on the same day, columnist Janardan Thakur, a long-time critic, saw her from the galleries in the Lok Sabha. And he wrote:

"... It seemed such a different Mrs. Gandhi who strode in... much sprightlier than one had seen her in a long time, vibrant with new energy, almost as though she had suddenly shed off an old layer of skin and put a new dynamo inside herself."

All through the one hour and forty minutes (broken into two sessions) the Prime Minister answered questions, criticism, argument, pleasantly, with ease — smiling, chatting, interspersing her replies with little stories but not yielding on any point — not readily at least.

No, her party is not in disarray, no more than any other, it does not lack a distinct political culture, her team is not incompetent, her choice of men and women nothing to look down upon. A quick turnover of Chief Ministers? Yes, but why not, what's wrong with that? Other countries shuffle ministers even quicker. Do we not read and see the BBC serial "Yes Minister" — she asks gaily.

Mrs. Gandhi was not on the defensive. She did not get provoked by any question nor by my persistence. She looked self-assured. She spoke at length on some of her major concerns. The

need for a positive attitude towards the country's achievement, for an end to constant mud-slinging, for individual initiative and national self-reliance.

Before we began with specific questions, the Prime Minister talked of the need for debate in the country to shift to another level, to a more expansive, broader and higher sphere. How long are we going to indulge in the same hackneyed argument, she wanted to know. The same charges, the same replies. 'I am told — you did this, that and the other. I say no. I did not.' And so it goes on. Is it not time we moved on to major issues that confront us and the world at large? The world is on the march. And there is so much to be done. The newspapers need to rise above daily mundane developments and grapple with vital topics as well. Of course, she assured me, I could ask her whatever I liked.

I try to blend questions of a general nature with those dealing with some specific details. As a result, it turned out to be a long comprehensive talk giving us a clue into the working of her mind.

FZ: The interview will be published on the eve of Independence Day. So it may be in order to take a quick look at what we have made of India. Pandit spoke of India's trust with destiny. Do you think we have been able to keep our date with history?

PM: History marches on whether we like it or not. Our history also. If, by a 'date with history,' you mean what we have achieved — whether we have been able to make progress towards the translation of our dreams into reality — I would say the answer is very much yes. India is not the country that it was in 1947 in any way — whether economically or socially or in the attitude of its people, their self-confidence and the country's prestige everywhere. This does not mean we are satisfied with our performance. So much more needs to be done.

FZ: But we still remain among the world's poorest countries — in per capita terms — with the largest population of illiterates, the undernourished, the sick, the lepers, the beggars, the handicapped. On this reckoning, the world may not see us as much of a success story.

PM: We were left at the lowest possible level when the British left. And if we have a

larger population of undernourished, or illiterates and so on, it is because the total population is very large. It does not mean that more and more people are not crossing the poverty or the literacy line. They certainly are.

FZ: Would you say we have made remarkable headway?

PM: It is quite visible; this is not a question of imagination and it is accepted today by everybody in the world. In fact, it is rather ironical that this in itself is becoming the cause of our difficulties (perhaps a reference to moves to reduce IDA aid for India). Many countries do not like to see India progress in the way it has done, and strengthen itself.

FZ: In certain fields, for instance in respect of moral standards in public life, our reputation has declined in a big way. Abroad, people are beginning to talk about us disparagingly. At home too, corruption and other forms of deviations from moral standards in public life have come to be regarded as a big drag.

PM: Can you say that the reputation of the United States or of any other country is higher? Where would you say it is higher?

FZ: People have come to compare us with some countries.

PM: Who, for instance? I would like to know which country.

FZ: Corruption is there to such an extent that it is being said we have become like say...

PM: You just see what appears in the American press and in books that have appeared about the various political happenings. I certainly don't think that India has gone down to that extent. It is true that standards are not what they were before and I think that is one of the phases through which perhaps democracy has to pass here because it is new. Also, in between, we have had elements which stressed violence of language — abuse and that sort of thing which does bring the standard and level down.

One of the things about which we talked earlier (before the formal interview), for instance, the level of debate. We in India keep constantly talking about things which are not really issues. This goes on all the time, whether it is in the press, or in Parliament or anywhere else. This does bring the level down.

It is not as if there aren't many wrong things happening. Corruption is there and we have to fight it. But how do we fight it?

Of course, we do not want to suppress news regarding corruption. At the same time if we keep harping on that, it gives the general impression among the public that you can do what you like. Besides, many of the stories about such things turn out to be without any foundation — some do have foundation and some don't. So instead of this constant talk, if there was positive cooperation and involvement of the people, that would help. None of this can be done by law alone.

In fact, for that matter nothing can be achieved by law alone whether in this field or any other — even the problem of dowry and so on. We are trying to strengthen the legal position but I have no doubt that unless it is taken up as a public cause, we shall not be able to deal with it. The attitude should not be to say, "how do we bring down the government with this?" Instead, it should be of trying to help. And this need not prevent them from opposing the government on policies or other issues.

And let me tell you, it is we who give the impression abroad that our reputation is low. No outsider has this impression, it is our own people who tell them so. Then they say it is your people who tell us, your newspapers say so. And this is not so only with regard to rectitude, it is so with everything. Whether it is economic development or whatever, we tend to see the worst about us whereas every other country will project the best...

FZ: And why do we...

PM: Now, in last evening's paper there was half a page on the poverty in the United States which is one of the richest countries in the world. But you will hear little about it in the USA. I do not say it is suppressed, but it will be buried somewhere in a corner of the newspapers. But here, we will give that on the front page, and any achievement will either not be mentioned, or if at all it is, it will just be referred to in passing on an inside page.

FZ: Why do you think we do that?

PM: I don't know. Perhaps it is a national characteristic. It may also be a leftover or a shadow of colonialism. Because for years and years and years we were told: "You are inferior, you cannot do this and that. The white man is more honest." Not only we but the Chinese and even the Japanese at that point

were always described as "sly persons, the ones known for trickery and incompetence." So, maybe, it is a leftover of those times. Even now, we are impressed by our achievement only when an outsider commends it.

FZ: You are right about that, but coming back to the issue of corruption, can we not plug one of the biggest loopholes — raising funds for elections?

PM: Well, we are looking at it. But the size of the problem is so big that it becomes difficult.

FZ: Two suggestions have been made, one that donations by companies should be allowed as was done up to 1969 and...

PM: Well, I have no objection to that but I think the Opposition will react very strongly.

FZ: The other way out is the West German one — the public exchequer should set aside funds...

PM: You see, this is what I meant when I said the size of the problem is very large.

FZ: In West Germany, the state provides the money, say, Rs. 100 crores a year, which is then allocated to various parties on the basis of their votes in the previous election. Do you think that would be a feasible proposition in India?

PM: The Germans are a very disciplined people. One has to take into account the character of the people. We have never been disciplined really. We are a highly individualistic people, so it would be difficult here.

FZ: So you don't think such a proposition would suit us?

PM: It is not a question of suiting us. It is a question first of finding so much money, and, secondly, we have to see whether it will prevent the other as well. We did take steps, earlier, to reduce expenditure but I can't say it has had much effect.

FZ: In many fields — but once again more so in public life — there has been a dramatic decline in the calibre, competence and commitment of men and women holding public offices. This is showing up in every field. There is no major breakthrough in science and technology, no great teacher, no C. V. Raman, no Tagore any more. But public life attracts more attention. How could we expect our people to look up to ministers, chief ministers, parliamentarians and legislators who have nothing much to show to their credit? Could this state of affairs not be avoided or is there just not enough talent in the country?

PM: I don't think this is at all true. Some of our scientists are amongst the top in the world. Our film-makers are amongst the top in the world. In many other fields too, engineering, medicine, music, we have distinguished ourselves. So I would say your statement is rather sweeping. And it is even more sweeping about our politicians. I think some very fine people are coming up.

As I said earlier, when you constantly harp on the negative then it does do harm. For instance, had I not been in politics since my childhood I would not come into politics today. It's just something one would not want to be mixed up in. Politics was to us and to the Congress (in earlier days) never a question of just winning or losing. It was always what one would do after winning or if one lost, what would one continue to do in spite of losing. But now everything seems to be concentrated on winning and losing, and on acquiring position. There are still some people, perhaps many, who still feel that way. But a very large number who don't.

And when people see this sort of attitude, and the entire focus, even in newspapers, on who is quarrelling with whom, who is going wrong, what is going wrong, then a lot of people who would otherwise be attracted naturally want to stay away. That is even more true of women than men.

FZ: So should we not try and raise the level of the functioning of the political setup?

PM: I don't see the level elsewhere any higher, I might tell you.

FZ: Then it becomes a vicious circle. If you say that good, competent people do not come into politics because it is dirty and, so long as they will not come in, it cannot improve, then how do we break the circle? You have the necessary authority, the necessary mandate and the stature — perhaps the last leader to have such an advantage, if you too do not...

PM: No, there is no such thing as the last leader to have the authority, that is utter nonsense.

FZ: You have that authority, you have been given that kind of mandate. You have the people's confidence. You can change things drastically, raise the level of politics...

PM: On the other hand, the entire opposition and a large section of the press are determined to erode that authority, so it is not so easy to exert authority

when all the time somebody is trying to weaken you. Besides, I have no such authority.

FZ: You have the necessary mandate from the people...

PM: No, no. What is the use of saying mandate? For instance, we have the mandate for land reforms but it gets stuck in the courts. There are other things which are prevented in other ways. We appoint somebody, there is interference as to why this person is given this particular job, why someone is promoted, why not someone else and so on. All these things, so far as I know, are nowhere else in the world in the hands of anyone but the executive.

And, let me tell you once again, as long as the earth exists, there is no such thing as the last leader.

FZ: You can bring in anyone into the government, even from outside of Parliament?

PM: No, I cannot, not at all. Anyone, whosoever it may be, will be subjected to those compulsions — regional, religious. The numerous divisions that we have in society, these have to be represented. In our system we cannot bring in anyone we like from outside. The ministers have to be elected people and a majority of them from the Lok Sabha. It is perhaps only in the American system that one can do so. I do not know whether in any of the European systems they can or cannot.

FZ: Even in our system in the past you and your father had done so...

PM: We had advisers... Besides, we found out that such arrangements do not really function well.

FZ: This brings us to the system itself. Do you feel the time has come to think of another system which could produce quicker and better results?

PM: The problem is to see which system is better — which of the existing systems is better. One may help in a particular area, but it may not be so good in another area. So, no matter what system you adopt, it will have good points and bad points, advantages and disadvantages.

FZ: What is your personal feeling...

PM: I think they are really balanced out. We have to see how we can best improve the situation. For instance, if you say we must have the presidential system, how will it help? What part of it will help us except that you can bring into the government anyone you may

want to.

FZ: With regional parties gaining ground, would you not say that the presidential system would be better for us?

PM: How would it help? If regional problems are not solved, or if some people want to exploit these for political purposes, they will continue to do so. You have Sri Lanka's example. They have a presidential system but they have regional problems. So...

FZ: Speculation goes on that you want to bring in the presidential system.

PM: I have never ever even once mentioned this. I have given the background for this impression numerous times. When I came back from Zambia some years ago, some MP came up to me just as I got off the plane and said: "We have been discussing among ourselves and wouldn't the presidential form of government be better for us?" I told him "Look, I've just arrived. (There were a hundred or two hundred people to receive me) I can't be discussing systems at this time." This person was not getting out of my way, Bansilal was behind me, still on the steps of the aircraft. So, I said: "You can discuss it with him." That is all my part in the whole affair. And then, of course, since I had said discuss it with him (Bansilal), they got him involved. He had never given a thought to this matter, before or since. But what could I do? I just did not know how to go ahead to meet the people who had come to see me. Since then, however, many people have taken it up. I think there is no harm in having a debate. But people should go into it in depth and see what the advantages are.

If you talk of the parliamentary system, it is not the same in every country, in fact, it is different in every country. The same is true of the presidential system, it differs from country to country. It is for our intelligentsia and others to see whether there is something which can be incorporated here without changing the system. These are the things which, if people are interested, they could go into in depth.

FZ: So you would agree that the present system as it exists does not work ideally.

PM: No system is ideal. Some countries have introduced proportionate representation but they are not happy with it. France had a major change but many French people now think the system is not working as it was

meant to work. Things are not just black and white in the world. You have to make adjustments, no matter what system you take on.

FZ: Of late, the judiciary has been intervening in matters which fall strictly within the jurisdiction of the executive. For instance, hutment clearance in Bombay or even the execution of condemned prisoners. Do you think we need to define the functions of the judiciary in much more specific terms? Do we need to even overhaul the whole system?

PM: I don't want to go into the history of what the courts have done to our legislation on land reforms, on bank nationalisation, on privy purses and so on. If I say something, there are people who will immediately accuse me of launching a new campaign against the judiciary. I would like to make it clear that I have never had any campaign, nor do I intend having one now nor do I wish to interfere with the judiciary in any manner. But I must say that the courts and, in fact, the entire legal community should think about doing something to reform themselves. Because we are following the old British pattern, and this goes for a lot of things — not only the legal system — we do need changes in them.

They have changed in Europe. In Britain, for example, they have changed the education system very much, but we have by and large kept to the same old pattern. The same is true of the judiciary. The irritants today are that the most trivial of cases are admitted — at that stage the judicial mind is not applied. The case is just admitted, notice is given to the other side, lawyers are asked to argue it out. This takes time and we get stuck, we can do nothing. The result is the cases keep piling up. Some lawyers also benefit from the delays.

On the one hand, you have these delays, on the other, there are cases — some of these have taken place recently — where certain judges have not hesitated in setting aside all procedures, sitting up late at night and passing some judgement on a particular issue or releasing somebody.

There was a well-known case in Allahabad where a person arrested for murder was released on bail and he committed another murder immediately.

Take another instance, suppose somebody had indulged in

violence and he is released on the ground of insufficient evidence, the man then goes and commits more violence. Who should pay for the damages? Doesn't the person who releases him bear the blame? It is hardly fair to the private citizen or to the government whose property may have been damaged. I do not say that, therefore, an accused should be detained illegally but certainly more care should be taken in ordering his release.

FZ: Would you say that we therefore need to define the functions of the judiciary...

PM: They are already defined. FZ: ...in more specific terms.

PM: But they are taking over what we consider are functions of the executive. For example, take appointments; government makes appointments, gives promotions after a long judicious process of scrutiny by various committees going into seniority and other such criteria. But the official's suitability for a specific assignment has also to be taken into account in the public interest. How can the courts or anyone outside know what is required for that particular post and which particular person is best suited for it?

There is also the question of being able to get on with the others in the set-up. A person may be very competent otherwise, but for one reason or another, he does not fit in, he will not be able to function.

FZ: What should we do if they have taken on the functions of the executive?

PM: It is for them to see; they should look into it themselves and come up with an answer.

FZ: In recent months, you have often talked of the threat to the unity and integrity of the country. How serious, would you say, is the challenge and how is it to be met?

PM: It is a fairly serious challenge and it is not only to this country. We see all over the world how countries are being destabilised. Other governments look to their own interest rather than the interest of the country concerned (the country in whose affairs they intervene). Of course, the source of the trouble has to be within the country. I don't think people can destabilise a government merely from outside. But there are plenty of people who wish to take advantage of the trouble, who like to encourage it in one way or another.

FZ: Is the challenge greater now than it was before?

PM: Oh yes, it is very much greater than it has ever been before — because of the general world situation and because of a variety of factors — more horrible weapons, better communications, more means of interfering with or knowing what is happening in another country. Now nothing is secret because of satellite surveillance and so on.

Also, just as we have a large gap between the rich and the poor, there is a big gap between rich countries and poor ones. And because they are rich and more advanced in technology, they are in an advantageous position. So we are fighting a race in which we are terribly handicapped — for lack of funds, lack of trained people. Because we cannot provide the necessary facilities for research and work in certain fields, some of our top men and women go abroad where they do exceedingly well. Just a few days ago I was sent a clipping from a newspaper about Indians who have done well.

There is another point. Here an Indian does not want to do certain types of work which he considers beneath his dignity.

But in the United States he is willing to be a bus boy; he will deliver newspapers or do any kind of work.

One of the clippings I read told the story: "From Bus Boy to Millionaire." But that person here would not have taken up that work.

Many Punjabis did take up whatever kind of work was available when they came to India at the time of Partition. They forgot how rich they had been or what property they had left behind. They were willing to do anything. So they got on their feet immediately.

One of our major problems is that everybody looks to the government for all sort of things. Even those who do not want government interference, who resent government interference, turn to the government for help. Whether it is for jobs, or newspaper advertisements, newsprint, land or similar things.

Whenever they meet me, I ask them: "Well, where do we draw the line; once you are largely dependent on government for so many things." I may say: "All right, I will not interfere," but it is extremely difficult in the long run for governments to keep out. It would depend on indi-

vidual ministers and so on. They might say, we are giving you all the money so you do this and that.

That is why you must have noticed that in my speeches the major theme is that when we say self-reliance for the nation as a whole it should also mean self-reliance for the individual.

Today there is no shortage of opportunities. There are indeed many difficulties and obstacles; people will try to knock you down when you try to take on something. But this is so everywhere except perhaps in America. But in America too, in the early days it was the same — they were literally at one another's throat. It was a question of survival of what was then considered the fittest. But out of that they did build a base from which they have been able to rise upward and open up opportunities for many more people. And they keep on opening up more and more opportunities with the advance in science and technology. If we keep looking to the government for everything, small and big, it will only restrict the growth not only of the country but also of the individual.

FZ: Could we just return to the question of the unity and the integrity of the country? You talked of the threat from outside. What about the threat from within? Do you think the increasing importance of regional parties, especially in the South, will change the whole complexion of polity in the country?

PM: I certainly hope not. Here too, it is unfortunate that in order to gain some little advantage at the present moment, the opposition parties are giving far too much encouragement to (regional sentiments). I am not against regional parties as such. But if a regional party is going to use local issues to the detriment of national unity, then it becomes a problem. Take the DMK's instance. When it first came up, it did so on the basis of a very narrow approach.

But Mr. Annadurai realised later that this was not in the interest of Tamil Nadu nor the country. From then on, he took a much broader view of problems. He remained in power, nobody interfered with him, his party won elections and it did not bother me in the least because he did view his problems in the larger context. But if a regional party is unable to do so then it does create problems, not only for the rest of the country

but for that region as well. For there is no state or linguistic group whose people are not spread out in India. So it would create problems for them.

FZ: With regional parties having come to rule several States, the attention has once again got focussed on what should be the relation between the Centre and the States.

PM: Well, Centre-State problems are always there. They become more acute in a period of difficulty. Today, because of drought and so on, financially we have problems. So we have had to cut down many schemes — schemes which were sanctioned, schemes which we want to promote. Each State thinks that this is a special sort of unfair treatment to it, aimed at a particular State, although...

FZ: Specially the non-Congress (I) States?

PM: Yes, especially the non-Congress (I) — but our own states as well. Wherever our party does not say so, the opposition there says it. For instance, in Orissa they say that they are not getting fair treatment, the people of Gujarat constantly say so about Gujarat. Every State says so. Actually, we have cut down almost to the bone even the programmes and plans of our Central ministries — for example in education. You can't cut down a running project. If an industry is running, you can't say "jettison it." So, it means that new programmes have to be cut, or those services which are not so essential. When you are caught in a difficult situation, you don't have many options.

FZ: With so many non-Congress (I) ruled States now, don't you think, a new approach to Centre-State relations is called for? Should the Centre not have a more flexible approach towards the States?

PM: But our approach is very flexible. I don't think anywhere else people consult persons or the State governments as much as we do. We are constantly in touch with them but if they would like us to find so much money for them we have to have the money to give.

It is also not true that there are more opposition governments now than before. There have been periods when the entire North had coalition governments opposed to the Congress. There had also been times when I had a very small majority... in fact, I led a minority government (between 1969 and 1971).

FZ: But there weren't as many regional parties at that time.

PM: Well, the DMK was there, the DK was there. There were many regional parties. But the change that has come over is this: that most of those parties, while they had opposed us on programmes within the State or even nationally, did not have an attitude of confrontation which exists today. In fact, one newspaper person — not an active politician — wrote that when the Prime Minister invites the Opposition to talk, they should not go. If this is the attitude, then how can the country keep together?

FZ: Would you agree that the North seems to be rushing to your support because of the fear of the South emphasising regional ...

PM: There is no such fear of the South. I don't think so. I think that in the North people saw what the Janata Party had done and they did not like that. In fact, they started saying so straightaway. There was no Telugu Desam at the time of the State elections in 1977 but we made a very big advance then. Had they been held a little later, we would have gained even more. Even though these elections had come on the heels of the parliamentary elections we made big gains.

FZ: The North turning to the Congress (I) is more evident now.

PM: No, I don't think so.

FZ: In the past, our major headache was the Hindu-Muslim problem. We have not been able to put this issue behind us. Instead yet another has got added to it — the Hindu-Sikh problem which may well spill over from Punjab into the rest of the country. How will we be able to make our society more cohesive?

PM: You know both these questions — about the Muslims and the Sikhs — are largely political. Of course, in the Hindu-Muslim question, there are local problems, there are tension-spots, and we have to be specially careful about them. But both these issues have also been highly politicised. I think the problem started basically because they (those opposed to me) thought that the Muslims were supporting me and so they thought this was one way of disrupting this base.

FZ: Would you agree that of late the Muslim support to you has decreased?

PM: Well, it is difficult to say because the situation changes ... and then there are different reasons why.

FZ: Could the majority Hindu vote coming to your side affect the Muslim vote?

PM: This is a very false propaganda being made that I am more bothered about the Hindu vote. I am one who has never considered what a person's religion is. If I had been concerned about the minorities, it is where I thought they were not getting their due as citizens, not because they were Muslims or Sikhs or anybody else. When I was talking about the minorities then the propaganda was that she doesn't care for Hindu votes. That is absolutely ridiculous.

Frankly, I am not, as I said, terribly bothered about winning or losing, I am more concerned that programmes are implemented, whoever implements them. But if you are in elections, obviously you want your party to win. So, you want as many votes as possible, which includes the majority as well as minority communities. Also, as I have repeatedly said, we don't have only one majority ... Well, Hindus are an overall majority, but you take areas of Kerala, they are not; similarly in the Kashmir Valley, they are not; there are other pockets within UP and so on where they are not; so, the question as to who is a minority differs from area to area.

FZ: The caste Hindu vote has shifted to you.

PM: I don't know. I don't think it is a question of caste Hindus. I think they (the Hindus) were worried at the sort of disruptive tendencies of the opposition. This is something that the minorities should be equally worried about it, because if there is disturbance and disruption then no matter who wins, they will be the losers, I mean anybody who is weak — may be weak because of numbers, maybe weak because of social situations and things like that.

FZ: We have not dealt with the Hindu-Sikh problem. Your detractors say you are deliberately delaying a solution.

PM: Well, the problem is largely political. The opposition says that I am delaying it, but frankly I just don't understand how. For three years they were in government. The Akali Dal had two ministers at the Centre. It had its own government in Punjab. It had no allies in all the other concerned States — Himachal, Haryana and Rajasthan. Why didn't they take it up for three whole years?

The problem came up in 1981.

We have made our position very clear: "This is what we can do." May be it was wrong for us to say, frankly, "this is the limit." But our position is very clear. We simply cannot, just because somebody is pressurising us, say that they will have something at the cost of another State unless that State agrees. If the opposition parties can make the States agree, I am not stopping them. In fact, we have kept those States (an obvious reference to Haryana, Himachal Pradesh and Rajasthan) subdued because almost all of them wanted to have agitations. We have talked not only to our people but even to opposition parties there and said: "Please keep calm and don't make it more difficult."

FZ: Would a fresh mandate enable you to deal with these problems?

PM: Well, I think it will certainly help a great deal. In this particular five-year term, we have spent almost half the time merely on repairing the damage done in the interim period and in repairing the infrastructure.

FZ: Does that mean that you would like to go in for elections earlier than scheduled?

PM: No, no, I mean the next elections, when they come. If we have elections now, then we stop in the middle of so many programmes that have to be pushed through. It is not at all a good thing because, as I said, for us it is more important to do things than to just win.

There is an interruption. Dhanwan walks in. PM must meet the Opposition leaders in a little while. I have a few minutes left of the one hour I had been allotted. But I had far from finished. Mrs. Gandhi realises it. She pauses, looks at the watch and me. We break up now and meet again in the afternoon, she decides.

She puts one set of papers away and picks up another. In a moment she has switched off the interview and moved on to the next issue effortlessly.

WE reconvene at her office (her residence at 1, Akbar Road this time) in the afternoon. Mrs. Gandhi walks in at the appointed time along with Sharada Prasad. She settles the room, the place. The second part of the interview begins.

FZ: We were talking about a fresh mandate and whether you

would like to have early elections.

PM: No, no, when the time comes for it. When the time comes for the next elections, we would certainly like to have a fresh mandate.

FZ: Despite your repeated denials, the speculation persists that you will hold elections in...

PM: I don't think it is speculation. I think it is a very deliberate move made in the hope that it could make the opposition come together quicker, or something like that.

FZ: It is said that you would like to hold elections soon because this is a good time for the Congress (I).

PM: Why is it a better time now?

FZ: Because of your victories — in Delhi first, in several bye-elections and in...

PM: That was a long time ago.

FZ: With a year and half to go, do you think with the government's present record, you can seek a fresh mandate?

PM: Well, I think the record is very good. But I don't know how much people are bothered about records because sometimes they vote for people and governments which have no record at all. The appreciation of our record is worldwide, not only just here.

FZ: Would you like to spell it out?

PM: Well, yes.

FZ: Or we could come to it later when we talk about the economy.

PM: Yes, that is fine.

FZ: Notwithstanding what has been said and written, it seems that the succession issue is important from the long-term perspective of the country's interest. It is in this context that I seek your comment on the desirability or otherwise of your grooming someone for the eventual take-over?

PM: I have replied to this many times before. There is no question of succession. Neither am I grooming... In fact I don't know how you groom a person. I am one who has let the children grow in their own way. I don't believe in a parent or anybody stamping their personality on their children.

FZ: Apart from your son, anyone else, don't you think...?

PM: No, I don't. This question came up when my father was there. One doesn't know what the situation will be, what sort of person the people would like at that time, what sort of person the party would like. So it depends on so many things. And, in that

way, I would like to groom the entire party.

I am trying to take the party in a particular direction, but some people listen to me and most don't. That is not my fault. I try to give opportunities to them. But people feel that only if you are a minister then you have an opportunity, otherwise you don't.

FZ: Whether you are grooming him or not, Mr. Rajiv Gandhi has acquired a certain clout in the party. Do you think governmental experience would equip him to better shoulder heavier responsibilities in the future?

PM: No, I don't. I think he is doing a spot of work and he is running this training camp and various other things which are useful to our party. And even if he were to become something in the future it would be a long time hence, it would certainly not be immediately after me.

FZ: The country is caught in what we may call a scissors' crisis in the political field — the Congress (I) in disarray, and the opposition unable to come together or hold together. How do you look at the resulting situation and its implications for the future of the country?

PM: Well, I would say that the Congress is no more in disarray than any other party and it is unfortunate that the opposition has this obsession with the Congress because they are using that to hold together rather than have a policy or a programme. This is rather sad for the country.

FZ: The opposition at this time does not seem ready or able to provide a national alternative...

PM: How can they? A party can be an alternative. How can a group of parties among whom the basic outlook of the one is quite diametrically opposed to that of another?

FZ: As was seen in the Janata experiment?

PM: In the Janata government and even now. You will notice that at their meetings, except for abusing me, they have never spoken about specific problems. Even when they talk about Punjab they say, "Well, she should come to an understanding." But they don't spell out the solution because if they did they wouldn't agree on it.

FZ: What would be the future implications for the country?

PM: I think there are no implications for the future of the country. Our people are sound at heart. They may make mistakes but they will get back on their feet always.

FZ: The Opposition apart, what about the Congress (I)? It is in a terribly rundown condition. There are dissidents everywhere — in Bihar and Maharashtra, they are strident...

PM: You know, there has been no time when there was no dissidence (in the Congress). When Gandhiji was alive there were dissidents. There have been dissidents throughout.

FZ: As strident as they are now?

PM: Yes, as strident. In fact, many groups have separated from the Congress throughout its history. But now more of such things appear in the press. Some people like to see their names in newspapers and it encourages this sort of thing.

FZ: Have you any plans to reshape the party so as to make it into a fit instrument...

PM: It really has to reshape itself. I mean they are grown up people and unless they understand the vital need for staying united and disciplined, and putting up even with things which they may not like... because everybody cannot be satisfied, some will always be dissatisfied, no matter what you do, but one puts up with those things.

FZ: Would you agree that the Congress (I) has come to lack a distinct political culture that used to be associated with it in the past?

PM: No, it still has a very specific political culture. It is the only political party which has. Which other party has it? Every party has changed.

FZ: As compared to others perhaps yes, but if we compare it to what the Congress was in the past?

PM: No, it has stuck to its policy, and is implementing its policy. We make ourselves felt in every international and national situation. We never beat about the bush. We say directly what we mean.

FZ: Is there the same respect for the hierarchy, for discipline, the charges of corruption that are traded...

PM: No, we don't want a thing like hierarchy...

FZ: A commitment...

PM: Well, it is true we don't have the type of commitment we had in the freedom struggle. Even then, as I have repeatedly said, we had differences. When my mother became President of the City Congress in Allahabad in 1930, there were groupings. The same groups that existed then, by and large, are continuing. They are still fighting in exactly the

same way as they used to in 1930. So, as I said, it is not at all a new thing. Now, if you don't like a person, you immediately say he is corrupt. I might tell you that we have investigated many of these things and found the charges baseless. Where there is a basis, we try to do something about it.

FZ: But do you think, things like wearing of khadi...

PM: That has relaxed.

FZ: Does that not make a difference?

PM: I don't think it makes a difference. Because the whole point of khadi was that it would be a kind of a uniform. Once you started wearing fine khadi and you got it in great variety, it was not the same thing. I still wear khadi and all the senior people do. But a lot of new people don't. Even when I was Congress President the first time, we had an argument about this.

I have another problem. Although I wear khadi, as Prime Minister people expect me to represent different regions. I realised this when I went with my father to the Soviet Union in 1955. I had never bothered much about clothes. So I just took some saris. When I returned, I got so many letters saying that you did not wear a South Indian sari, you did not wear this and that. So sometimes one has to wear something which is not khadi. If I go abroad, I do wear sometimes, say a Garo dress; it is handloom and not khadi.

FZ: Or a South Indian sari?

PM: South Indian saris, I have mostly in khadi. Although one problem is that now they don't make the traditional designs. It is not easy to buy the traditional ones which I prefer to the modern prints.

FZ: The main charge against the Congress (I) continues to be the same for the last three years, that is regarding the choice of men and women for government and party posts (Chief Ministers, Ministers, PC chiefs).

PM: But who is making this criticism?

FZ: Most of your critics say that they have no calibre.

PM: But what is the calibre of the people who criticise, may I ask very very humbly?

FZ: The Congress (I) legislators and parliamentarians have not gone through the mill, they are not politically mature.

PM: Obviously not. Many of them were born after the movement. Now who is mature? What was the performance of the Janata Party? Are those people ma-

ture people? What is their performance? How have they faced up to international problems?

I think I have a very good team and I have a number of ex-chief ministers who were very good chief ministers.

FZ: It is said politicians with a base are not encouraged.

PM: I might tell you that this criticism was made of my father also and of Gandhiji. Of my father they said he was like a banyan tree, he won't let anybody grow, which was quite the opposite of what he was. And the people who said it had an absolute stranglehold on the Congress in their States like S. K. Patil, Atulya Ghosh. They were the people who made these remarks. The same thing was said about Mahatma Gandhiji also. So, this is part of life.

In respect of C. Rajagopalachari the same charge was made, that he had no base. Why did Gandhiji choose B. G. Kher and many leaders who were regarded as senior leaders...

FZ: The quick turnover of chief ministers...

PM: That happens in other countries as well. Don't you read or see on television the BBC serial, "Yes Minister"? There they say that no British minister ever stays for more than eleven months. And this is not far from the truth. I remember once when we had a naval function in Bombay and Sardar Swaran Singh was our Defence Minister. He had just returned from Britain and we had a Minister from Britain, if not their Defence Minister. He was astounded to find that we had ministers who had been in office for so long. He said, "We never stay more than a year or so." So, here they stay much longer than they do in most other countries, except of course people like Gromyko and so on.

FZ: N. T. Rama Rao, Bhubun, Farooq Abdullah are making efforts, do you think they will be able to forge an alliance against the Congress (I)?

PM: Well, they may forge an alliance. The question is what that alliance will do. As I said, I am not worried about winning or losing. I am worried about the direction the country takes. You have only to see these three people and what they are doing in their respective areas to realise how destructive each one of them has been — wherever he has gone he has destroyed the party.

FZ: Mr. Bahuguna?

PM: I am not taking any names.

FZ: Do you think you will be

able to win back the Muslim vote...

PM: I don't know, I think I have talked about Muslims earlier...

FZ: Yes, but the frequent riots that have been erupting...

PM: Many of the riots are political and I do agree that we should deal much more strongly with anybody who can be accused of negligence or any type of communalism. Here also, our problem is that when it goes to court the sort of proof they want is never available. In so many cases, they never go to the root. I mean suppose somebody has made a speech and that speech has sparked off something, that is where you should begin, but they ask who threw the first stone? It may be a child, but the question is who gave him the stone or who motivated him.

FZ: Our economy has not been in good shape. Recession is a fact in industry. Food production has been stagnant at around 130 million tonnes. Prices have risen considerably and so have trade imbalances.

PM: "The economy not being in a good shape" is a universal grouse. Is there any country where the Government and the people do not feel this? In last evening's newspapers we found that the United States and Japan are also worried. The fact is that we in India have pulled up our economy from the slough and put it back on the path of growth.

From a year of negative GNP growth of 5.3 per cent in 1979-80, a growth of 7.9 per cent was achieved in 1980-81, 5.2 per cent in 1981-82, with an average now of about 5 per cent in the first three years of the sixth plan. This is a creditable achievement. The decline in the growth rate in 1982-83 was principally due to drought. Agricultural production was affected by adverse weather during Kharif.

The level of public sector investment was maintained in nominal terms close to the Plan target by a major effort. Over the first two years of the Plan, the growth rate of gross investment in the economy was 10.2 per cent at constant prices. At market prices, the investment as a percentage of GNP, rose from 23 per cent in 1980-81 to 24 per cent in 1981-82 and came to 22.6 per cent in 1982-83.

In the first three years of the sixth plan we have installed power generating capacity of 7,058 MW. During the entire Plan, we expect to instal about 14,000-14,500 MW of additional capacity.

At the beginning of the sixth plan, the total installed capacity was 28,490 MW. This shows that, in five years, we will have installed 50 per cent as much capacity as was installed in 30 years. This is a substantial achievement.

Domestic production of crude oil is expected to reach 30 million tonnes in 1984-85 and the total production in the sixth Plan period will be about 104 million tonnes. This is against a level of 13 million tonnes at the beginning of the Plan period. Production in this period is comparable with that in the preceding 30 years.

The relative stagnancy in food production is due to the two successive years of drought.

There has been marked progress in Indian agriculture with production of foodgrains increasing 2.4 times in the last 30 years.

As regards the price rise, it is a known fact that from the high level of 20 per cent or more when we took over in 1980 we have brought down inflation to 8 to 9 per cent. At one time, it had come down to almost zero but last year's drought has made it difficult to maintain that level.

Our technology is buoyant. The recession in industry is due largely to inability to produce the goods needed. Obviously a drought year always sees a contraction of the rural market.

FZ: Can we not take some unconventional steps, whatever our commitment to socialism, which will do away with controls and stimulate production?

PM: In the last few months, we have taken them and have done away with several restrictions, e.g. liberalised policy of import of various essential raw materials and equipment, a more liberal approach to industrial licensing and exemption from clearance from the MRTP Act for certain specified industries, larger facilities for inflow of external resources etc. Now, the industrialists who used to speak for a free market blame us and demand a sheltered market — just as bootleggers are said to favour prohibition.

FZ: The public sector continues to perform badly.

PM: Has all the private sector done much better? How many private mills become sick? The public sector is neither better nor worse than the private sector. Some enterprises have done very well, others poorly. But on the whole the public sector performance has been improving.

The overall net profit is now

Rs. 600 crore. Between last year and now, the turnover has risen from Rs. 36 443 crore to Rs. 41,512 crore (or 14 per cent) and the profitability ratio in terms of gross profit to capital employed is up from 12.33 per cent to 13.13 per cent.

While 102 enterprises made an estimated net profit of Rs. 1655 crore, 82 enterprises incurred losses of Rs. 1056 crore. The 11 petroleum enterprises have contributed substantially to profits. But SAIL, NTC, HFC, the Eastern Coalfields Limited, DTC, the Shipping Corporation have made losses.

Shipping, by the way, is in a bad way everywhere now. Rs. 200 crore of the losses were contributed by the sick units which we were forced to take over from the private sector. We are now making a detailed study of the specific causes of continued low capacity-utilisation which seems to be the main cause for public sector losses. All the time, we are on the look-out for new ideas.

FZ: One reason for the bad performance of the public sector is supposed to be too much interference by ministers and lack of adequate power with the managers.

PM: It would be wrong to blame all this on ministers. Not all ministers are culprits nor are all managers and technicians angels. We want to establish good working relations between the two and also see to it that our engineers and industrial managers are kept on their toes, ever alert, avoiding what is known as the bureaucratic outlook. Much of the improvement in the better enterprises is the result of the changes we have introduced.

FZ: After your visit to the United States it seemed that the relations between our two countries were on the mend. But from some of your statements and later of your son, Rajiv Gandhi's, and also from his recent visit to the Soviet Union it is deduced that you are turning away from the United States and once again what has often been described as "tilting" towards the Soviet Union?

PM: Relations between countries do not depend on personal equations. At the personal level I am friendly with President Reagan. But some of their policies are very divergent from our own and the way in which they envisage this area or their strategy in this area, is, I don't think, in

our interest. After all, we have to take into account our geographical location, our historical experience, and our present circumstances in the country. But I am not turning away from any country or going towards any other. My policy has always been to be friendly with all countries.

The Soviet Union has helped us out in times of need when other countries have not been willing to do so. We certainly are not going to jettison that friendship. I want to make it clear, as I have on all occasions, in America, in the Soviet Union, and in India, that we judge things on their merit and we do not let either friendship or hostility affect decisions which we consider in the national interest or in the interest of peace.

To give a very obvious example, our attitude to China. We were one of the very few countries which supported China's entry into the United Nations although China had great hostility towards us at that time. We take a principled stand on these issues.

As for tilting, if you are tilted yourself, surely you see everything else tilted!

FZ: Would you say that the American government has at present an unhelpful attitude towards us, whether in respect of multilateral aid?

PM: In some matters, yes. In some matters, we say the decisions they have taken, for whatever reason, are not in our interest.

FZ: Would you like to spell out these?

PM: Well, the arms aid to Pakistan, then lack of appreciation of the problems of developing countries — not only ours. They don't see the problems and some of the solutions which they offer aggravate the problems in a developing economy.

FZ: General Zia seems to be making friendly overtures to us constantly. His statements during his visit to Tokyo with regard to India are particularly positive. What do you make of them?

PM: Well, we welcome any positive statement but even more so, any positive action.

FZ: You have been consistently hinting at some foreign intervention in our affairs. But you have not substantiated the charge even indirectly — governments often leak information in such matters. Would you like to indicate whether it is a major cause for concern or a mere irritant?

PM: Foreign intervention is a very difficult thing to talk about. Firstly, we can give no proof. There is no way in which we can confirm something until after it has happened. But from reading some of the books and articles that appear, knowing what has happened in other countries, knowing also who is visiting here and what they are doing and so on, we can know. Again I say it is not only with regard to India, it is everywhere that people are trying to pursue their own interests. But I am sorry to say that they do it without looking into the future.

FZ: A leading national daily — *The Statesman* — carried a report to the effect that Pakistan had maintained contacts with Sikh extremists and secessionists. Government has remained silent on this. Would you like to say something on it?

PM: Well, as I said, most foreign countries do try to take advantage of anything which they see as a weakness.

FZ: It has often been said and written that there was a mole in your cabinet.

PM: What can I say?

FZ: Has the Government gone into it? Is there any basis for the contention?

PM: No, how can the Government go into it? We don't have that sort of equipment. If there are any notes, they would be there, they wouldn't be with us. And no government will admit to this.

FZ: Mrs. Thatcher has been called a headmistress. She admits it and says what is wrong with it. You too...

PM: Well, it depends what kind of headmistress, because usually when one uses the word one means somebody who uses the stick. I am not that kind of a person.

FZ: Those who see you with your partymen say that you have no choice but to function as one.

PM: No, this is an image that people have built up so that some partymen also come to believe it, but it is not at all true. Even in education, as I said, even with my children, I haven't been like that and everybody will see that I have done a good job with them, discipline-wise as well as in other ways.

You see, the situation in England is quite different. They have a set-up of a class society. We are trying to break all that here.

I don't like it when people say we are leaders of this group or that, because we try to do things in partnership.

As I have said many times before, I simply don't think of myself as Prime Minister or head of a Government. I mean I am somebody who has a job and am trying to do the job and all the time I have the realisation that I cannot do it unless I have the people with me.

To come back to the headmistress simile, my idea of education is that it should be informal. I don't believe in the examination system or in enforced discipline. But I do believe in discipline very strongly. But it has to come from within you.

FZ: Your party lacks discipline.

PM: There is lack of discipline in the country as a whole. And now there are cracks in the discipline even in those parties which were considered very strictly disciplined.

FZ: The RSS, the Jana Sangh?

PM: Yes, and the Communists.

FZ: You have such a heavy schedule, such an enormous task at hand, how are you able to keep so cool, collected and unruffled?

PM: Well, I do get ruffled sometimes. I think if one knows that one is doing one's best, then what is there to be ruffled about? You can't do anything else. If you succeed, well and good, if you don't succeed, that is also as well.

FZ: Do you think women do a better job as rulers?

PM: No. I regard people as human beings. Some women are better at it, just as some men are better, but I don't think you can regard them as a separate species.

FZ: In one of your interviews you have said that men need to be liberated now.

PM: Not now, always. The very fact that men have kept down women shows that they are not liberated. If they were liberated, they wouldn't want to keep anybody else down. So it has been from the beginning of time, not just now. And I think that if women are more positive and active, it will be a tremendous help to the men.

FZ: I was hoping you would say we women do a better job.

The Prime Minister laughed.

NVOI CONDEMNS 'ANTI-SOVIETISM' IN IRAN

TA261948 (Clandestine) National Voice of Iran in Persian 1730 GMT 26 Aug 83

[Unattributed commentary : "Anti-Sovietism Is Aimed at Restoring America Through the Door and Window"]

[Excerpts] Dear compatriots: As you are aware, in connection with the announcement by U.S. officials on preparing and organizing five light infantry divisions to be used in Iran's mountainous regions to counter a so-called Soviet attack, the spokesman of our country's Foreign Ministry made a statement. He said: The main aim of the United States with respect to this measure is to create an atmosphere of terror and threats in the region and, particularly, to check genuine Islamic movements and the expansion of the Islamic Revolution. The United States also seeks to expand and consolidate its influence and hegemony over subservient countries. This is taking place this time under the usual pretext of countering Soviet attacks.

The fact that our country's Foreign Ministry has condemned this measure by world-devouring America and has justly considered it as interference in the internal affairs of our homeland and the countries of the region is a matter that is endorsed by everyone. The point on which one should focus is that the spokesman of our country's Foreign Ministry, referring to America's latest plot, underscored the issue that as always the United States is using the so-called Soviet attack for its ploy.

The fact is that world-devouring America, everytime and always, by fanning the anti-Soviet climate with the aid of its agents in Iran and the region, has been able to implement many of its aggressive programs. Indeed, which persons have an interest in implementing America's plans with regard to fanning the anti-Soviet climate and preparing the ground for fulfilling the hegemonistic programs of the Pentagon and of U.S. monopolies in Iran and the region? This question must be answered.

Without a doubt any school child is also aware that in implementing America's aggressive plans in Iran and the region, as well as in creating an anti-Soviet climate, above all those strata, classes and individuals have an interest for whom the interests of the nation and the million-strong masses, national independence and the unhealthy development of our society is not an

issue. What is important to them is gaining enormous profits and plundering the people as much as possible.

The history of our country's last several decades has plainly shown that on the eve of every anti-Iranian plot by colonialism and imperialism, and on the eve of every ploy by the arrogant, parasitic and exploiting strata, the anti-Soviet climate was fanned in various forms. At present too we are witnessing this bitter reality in our homeland. We are witnessing that the rightists, superficiais and the U.S. and British hojjatis and the broad spectrum of the revolution's opponents and foes, by making use of various ploys, are trying to incite public opinion against the Soviet Union.

The aim of these gentlemen is very clear. In connection with domestic policy, their aim is to suppress all true revolutionary forces and the loyal defenders of the million-strong masses and to use inquisition and terror, and in connection with foreign policy to prepare the ground and pave the way for the maximum penetration of imperialism, headed by America, and to revive the same black era of domination by world-devourers and amassers of gold.

Unfortunately, conciliators and compromisers who have managed to gain power, have not yet come to grips with this reality, and for this reason too they are playing the role of the rightists' railroaders. The people are aware of the issue, however, and justly consider an anti-Soviet policy as a prelude to restoring America through the door and window.

CSO: 4640/342

IRAN

VELAYATI DEMANDS ECONOMIC BOYCOTT, SEVERANCE OF TIES WITH ISRAEL

Tehran ETTELA'AT in Persian 31 Aug 83 p 16

[Text] Dr Velayati, our country's minister of foreign affairs, spoke at the conference for studying the Palestinian issue. In the beginning of his speech, the foreign minister recited Verse 54 of Ma'edeh Sureh, announced the positions of the Islamic Republic of Iran regarding the Palestinian issue and demanded an all out fight against the Zionist regime.

The text of the speech of the foreign minister is as follows:

In the name of God the compassionate and the merciful. Oh you believers, if any among you turns away from his faith, God will soon produce a people whom He will love as they do Him, lowly with the believers, mighty against the rejecters, fighting in the way of God and unafraid of the reproaches of fault finders. That is the grace of God which He will bestow upon whom He pleases. And God encompasses all and knows all things [Arabic].

Mr President, honorable representatives:

At the start of my speech, I would like to congratulate Mr Moustapha Niasse, the foreign minister of Senegal and head of the present meeting. I am sure that his experiences will assure the success of the conference. Also, I would like to express the gratitude of my government and nation to the organizers of this meeting and the preliminary meetings in support of the goals of the oppressed Palestinian nation and the achievement of their aims and wishes, with their good and humanitarian intentions, although it must be admitted openly that the holding of such international and regional conferences and seminars as well as the resolutions of the United Nations and the ratifications of the Security Council have thus far failed to prevent the Zionist aggressions against the oppressed people of Palestine and the Arab countries. The usurping regime in Palestine, relying on the unrestricted and overall support of U.S. imperialism, ignores international laws and regulations and, whenever it can, occupies

another part of the Islamic lands, with murders, slaughter and crimes.

Past experiences show that the actions of the United Nations regarding Palestinian issues have not been favorable. For this reason, we cannot be optimistic about them. However, we hope that this conference, with the support of the previous regional meetings in Tanzania, Nicaragua, Sharjah and Malaysia as well as their propaganda and political results, will be helpful in terms of the goals of the Palestinian people and that they will play a role in making the world aware of the tyranny and cruelty of a group of cruel people who do not even take mercy on unprotected women and children. Perhaps this will decrease somewhat more than in the past the great conspiracy of silence of the international community regarding the massacres of Sabra and Shatila carried out by Sharon and Begin.

Mr President, distinguished representatives:

The most logical way to continue this speech would be for me to take this opportunity to explain how Zionism was created, how it grew, and to explain the expansionist and aggressive actions of the usurping Zionist regime, which was, in fact, the offspring of the joint conspiracies of the world powers.

Towards the end of the 19th century, Zionism, a psychotic disease created as the result of the oppressive actions of some of the European governments towards a minority, called for the occupation of Palestine as the first step towards the realization of the dream of a land for the Jews extending from the Nile to the Euphrates. The Belfour Declaration in 1917 was the first step in realizing this inhumane goal. The decision of the United Nations in 1947 imposed on the Palestinian nation through the influence of the great powers gave it legitimacy. Since this date and the birth of the Zionist regime, two parallel movements have continued to move to stabilize this ominous phenomenon. On the one hand, the usurping government, aided by the domineering powers and making use of the most advanced destructive weapons, has occupied other parts of the Islamic Arab lands through the mass expulsion and massacre of the Arabs. On the other hand, the international organizations and assemblies, by refusing decisive and practical confrontation, have paved the way for legitimizing the usurping occupation. Even when, at one point in time, because of the depth of the tragedy, the pressure of world public opinion and the protests by the liberal-minded people of the world, certain views were put forth in support of the Palestinian people, they were either cancelled by a U.S. veto or ignored by the Zionist regime without consideration for the demands of the governments and the people. To put it more clearly, this usurping government has responded to every resolution of the United Nations or the Security Council with new aggression and

the occupation of another part of the Arab lands. The ink on the (IS-7) resolution, dated 25 August 1982, had not yet dried when (Diryasin) and (Kofqasem) were repeated in Sabra and Shetila by Begin.

Mr President, distinguished audience:

These facts can be confirmed upon a close evaluation of all the decisions of the international assembly and the political, cultural, propaganda, and economic actions of various countries, which reflect two distinct views: one, an unprincipled view which ignores the proven historical, climatic and political realities, and the other, a principled view which looks at the fundamental Palestinian issue within the framework of trying to achieve the rights of the Palestinian nation. The main reason for the inability to achieve a solution to the Palestinian problems, and their even becoming more complicated, results from the first view, which has continued to bring nothing but vain efforts and fruitless, disappointing and even negative results. This view, with its incorrect assumptions and, in many instances, distortion of certain proven facts, has been responsible for the presentation of deceptive solutions, which might even include some minor demands of the Palestinian nation but which suppress the revolutionary motives of the Palestinian nation. This first view, by totally distorting and ignoring the historical reality of the Palestinian issues, has reached some harmful results, some of which are as follows:

1. Making a Jewish minority dominate over the destiny of the majority of the Palestinian people who have lived with them for centuries in peaceful coexistence.
2. Recognizing the politically independent existence and identity of Zionism in the Middle East, which has no historical authenticity.
3. Territorial rights and the right to determine the destiny of the Palestinian people through the unjust distribution of their land--a large part of it being given to immigrant Zionists--which has taken place with the agreement of the powerful world blocs.
4. The consideration of Zionism and Judaism as synonymous and the fostering of the false notion that the destiny of these two are inseparable.
5. Justifying the usurpation of Palestine and the taking of the lives and lands of millions of Palestinians as compensation under the pretext that Jews were oppressed during World War II, although some consider the Auschwitz tragedy the results of the joint conspiracy of Zionism and Fascism.

Mr President, distinguished representatives:

I will now explain the principled and fundamental view stemming from the half a century of continued resistance of the struggling Muslim, Arab and Palestinian nations against expansionist Zionism and its supporters.

This view has, from the very beginning, considered the creation of a usurping Zionist government a destructive conspiracy resulting from the agreement of the two blocs to disunite the oppressed nations of the Middle East, to plunder the rich underground resources and mines and to weaken the efforts of the Islamic world. It considers the ultimate and fundamental solution to the Palestinian issue reliance on God, believing in the life-giving laws and instructions of Islam, the unity of the Islamic nation, the mobilization of all the existing and potential material and spiritual resources of the Islamic nations and governments and the negation of all conciliatory plans.

This view strongly advocates the philosophy of the peaceful coexistence of Muslims, Jews and Christians once the complete liberation of occupied Palestine is achieved. This view also believes that the diversions in the decisions and resolutions of the international assemblies resulted from the domination and imposition of the views of global oppressors, headed by the United States, in these assemblies and not the result of the impartial judgment and true evaluation of the Palestinian issue.

This view declares openly to the world that what occurs today as a result of the numerous and expansive conspiracies of U.S. imperialism and the occupying regime in Jerusalem against the oppressed nations of the region in order to demean the Palestinian goals and in order to impose negotiations, compromises and retreats regarding the undeniable rights of the Palestinian nation, replacing forceful struggle with political solutions, is condemned and that there is no obstacle to the continuation of an armed struggle until the all the proven rights of the Palestinians have been achieved.

Mr President, distinguished representatives:

Following the second view, the Islamic Republic of Iran believes that true peace in the region cannot be achieved until the nature of the Palestinian issue is understood as it is and that, instead of making efforts to stabilize the lands in the name of Israel, the legitimate rights of the Palestinian people should be retrieved. We strongly believe that these issues will not be resolved until all the occupied lands are liberated and an independent government with total rule is established, one which is subject to the votes of the people of Palestine and which supports the revolutionary goals of Palestine.

If international organizations and assemblies truly want to help solve this 35-year-old conflict in the Middle East, instead of issuing vague and double-edged resolutions which, on the one hand, acquit the aggressor and, on the other, because of their deceptive appearance, result in the reliance of hesitant, weak individuals on these resolutions and on following compromising policies which ultimately result in the instability and destruction of the Palestinian revolution, they must provide the grounds for joint international actions to eliminate the causes of the aggressions and global recognition of the right of the Palestinian nation to continue its forceful struggle against the Zionist usurpers.

The Muslim, Arab and non-aligned countries must engage in practical confrontation with the aggressor through overall sanctions. Economic boycotts, especially oil embargoes, against the Zionist regime and its supporters will play an important role in defeating Israel and achieving the goals of the Palestinian nation. We also hope that the Third World countries, by mobilizing their resources, will make efforts to totally sever political relations with the Zionist regime and expel it from the United Nations.

Mr President, distinguished representatives:

The Zionist regime continues its aggressive plans by resorting to force. For this very reason, we must respond in kind. We have always insisted on the necessity of forceful struggle against this aggressive regime and believe that under the present unfavorable conditions in the Arab and Islamic world, only the self-sacrificing resistance of the Lebanese and Palestinian strugglers supported by progressive Islamic and Arab nations can expel Israel from the occupied lands of Lebanon through a war of attrition, because the most important aspect of the struggle against the Zionist regime is the restoration of confidence and elimination of the fear of the invincibility of Israel. We also send greetings to the struggling Muslim Palestinians in the occupied lands who resist the inhumane violence of the Zionists empty handed. For this revolutionary people's movement to continue, it is necessary that the progressive Islamic and Arab countries support the brave struggle of these people. We also praise the resistance of Syria, the people of Lebanon and the Palestinian strugglers against the pressures of imperialism, Zionism and Arab reactionism in refusing to accept the Lebanon-Israel agreement.

Mr President, distinguished audience:

Once again I will briefly list the positions of the government of the Islamic Republic of Iran regarding the Palestinian issue:

1. Rejection of any kind of negotiation with the Zionist regime, the condemnation of compromising and submissive solutions regarding the Palestinian issue, recognition of the necessity for armed struggle against Zionism, emphasizing the fact that Zionism is based on racism and that its division into two parts, progressive and backward, is a deceptive justification for the conservative deviators who, instead of relying on God and on the people's faithful forces, await the help of the United States and the results of its talks with the Zionists, because Zionism is precisely backwardness, aggression and viciousness.
2. The imposition of a policy of economic embargo, particularly the stopping of the export of oil to the Zionist regime and its supporters.
3. Overall mobilization of all political, military, economic, cultural and propaganda resources of the Muslim and Arab countries for the liberation of Palestine.
4. Total support for the Palestinian combatants who have chosen guns instead of the negotiating table and are trying to establish an independent and powerful government working for the goals of the Palestinian people over all of their usurped country.
5. Severance of political and economic relations of the Third World, Muslim and Arab countries with this regime, collective efforts to expel it from the international assemblies and putting pressure on countries who take steps to establish political relations.
6. Fighting the formation and expansion of any kind of compromising plan, such as the Camp David, Fez, Reagan and Lebanon-Israel agreements.

In conclusion, I must add that participation in the joint Muslim, Arab and Third World struggle is one of the strategic aims of the foreign policy of the Islamic Republic of Iran. If it were not for the war imposed on us since three years ago, we would fight alongside the Palestinian combatants with all our might to attain their rights, although even now, despite the imposed war, the Iranian nation provides significant aid to the strugglers of the front line.

Hoping that some day, with the total defeat of Saddam and the attainment of the just conditions, we end the war victoriously and participate in all respects in the Palestinian battle.

Peace be upon you.

10,000
CSO: 4640/344

IRAN

BRIEFS

IRAQI GROUP APPEALS TO GREEK GOVERNMENT--Tehran, 2 Sep (IRNA)--The Supreme Assembly of the Islamic Revolution of Iraq, SAIRI, in a letter appealed to the president of Greece, Konstandinos Karamanlis that three Iraqi Muslim strugglers imprisoned there, not be extradited to Iraq. The assembly in the letter added that if Greece hands the aforementioned prisoners over to the Iraqi regime, they will be executed without any trial. The letter asked for the release of these prisoners and demanded an end to interference of the Iraqi Embassy in the judicial affairs of that country. At conclusion of the letter the assembly expressed hope at that the Greek Government would respond favourably to the request so that the cooperation of the nations of the two countries would not be harmed. The letter was sent to the Greek Embassy in Tehran on August 27, 1983. [Text] [GF021610 Tehran IRNA in English 1536 GMT 2 Sep 83]

NEW AMBASSADOR TO DENMARK--Tehran, 6 Sep (IRNA)--Foreign Minister 'Ali Akbar Velayati appointed Heidarali Alizadeh as new ambassador of the Islamic Republic to Denmark. His appointment was also approved by President 'Ali Khamene'i. [Text] [LD070226 Tehran IRNA in English 1015 GMT 6 Sep 83]

NEW POLISH AMBASSADOR--Tehran, 5 Sep (IRNA)--The new Polish ambassador to the Islamic Republic of Iran, Oslo Vikovski, today met President 'Ali Khamene'i and presented his credentials to him. During the meeting the new Polish ambassador expressed hope that ties between the two countries would expand in socioeconomic fields. In reply, President Khamene'i said that the Islamic Republic of Iran would welcome the willingness of the Polish Government and the Polish nation for extending mutual cooperation and deepening relations. The president concluded by saying that the mission of the Polish ambassador coincided with a very crucial juncture of the history of the Iranian nation adding that his tenure in the Islamic Republic of Iran could familiarise him with the realities that existed in Iran. [Text] [GF051706 Tehran IRNA in English 1654 GMT 5 Sep 83]

CSO: 4600/893

'IMPROPRIETY' OF GANDHI STATEMENT DENOUNCED

GF020822 Karachi DAWN in English 28 Aug 83 p 7

[Editorial: "Lapse From Propriety"]

[Text] Coming a day after her foreign minister had spoken about the situation in Pakistan, Mrs Indira Gandhi's statement expressing concern over the developments in this country will be widely noted for its directness as well as impropriety. Both Mrs Gandhi and Mr Narasimha Rao declared that India was not willing to intervene in the internal affairs of any country but in the same breath they went on to say that the Indian Government could not turn a blind eye to events in Pakistan because these could affect India. If the leaders of opinion in Pakistan have taken strong exception to these statements, this was only to be expected. No self-respecting citizen of Pakistan, whatever his or her political affiliations, will concede to any foreign government a right to interfere in his country's internal affairs or view such meddlesomeness with equanimity.

The statements attributed to the Indian leaders do not appear to have been made in a fit of forgetfulness. Neither was the debate staged on the floor of the Indian Parliament meant to be an innocuous exercise undertaken only to find out if India's interests were involved in any way. The malignity, it seems, was not altogether motiveless. The purpose might have been to try to influence the course of events in Pakistan and to enlighten the rest of the world as well as India's own people, who carry the burden of so many internal conflicts and problems, on how awfully bad things are in Pakistan. Whatever the purpose, the statements are in direct conflict with the recognised norms of international law, the UN Charter and the well-known principles of peaceful coexistence. The Simla Agreement, which the two countries still uphold, provides an agreed framework for the conduct of bilateral relations. This document very specifically and categorically states that the two countries will show respect for each other's territorial integrity and sovereignty and avoid interference in each other's internal affairs. In view of the concerted efforts Islamabad and New Delhi have been making in the last year or so to normalise relations and place them on a friendly footing, the latest statements emanating from India are distressing, to say the least. The Government of Pakistan has been careful not to adopt an improper position on matters that India regards as its domestic concerns. After all, India has a number

of skeletons in its own cupboard. The massacres in Assam, the Hindu-Muslim riots which keep breaking out every now and then, the oppression of tens of millions of "untouchables" and the ongoing Sikh agitation in the Punjab exert a wide impact on Indian politics and elicit worldwide concern. But Pakistan's endeavour has been to avoid any departure from propriety and correct conduct.

It is quite unnecessary for India's leaders to busy themselves unduly with matters that concern the people of Pakistan. They had better save the time and the energy for grappling with the many complex problems they have on their plates. It is true that large sections of the people in Pakistan believe implicitly and firmly in the virtues of democracy as a system of government. But Pakistanis want to be left in peace to work out their own political salvation, difficult as the process may initially be. They do not appreciate being lectured to. They do not ask to be "encouraged." After all, the current absence of democracy in Pakistan is not an Indian problem. Whether there is democracy in Pakistan or there is not has been of no consequence to India's leaders in conducting relations with Pakistan, for they have always followed the logic of their national interests. It is a matter of record that the democratic leaders who ruled Pakistan in the years following independence were never shown an excess of sympathy by New Delhi for the reason that their democratic credentials were impeccable.

The unwarranted move to interfere in Pakistan's internal affairs does not appear to be a development of good omen. In this there is a lesson for all Pakistanis, especially for those engaged in furthering the present movement for what they call the restoration of democracy. Surely, they cannot be oblivious of the dangers lurking ahead if they fail to grasp the movement and prevent it from taking the direction of violence, destruction and bloodshed. We believe that peaceful political protest is one of the inalienable rights of all people leading to a civilised existence. But for any such exercise to generate wider political awakening and to culminate in real political advance it is absolutely essential for the protest to remain peaceful and to avoid provocation. Unfortunately, several violent incidents have taken place. The worst of these have involved attacks on public buildings, police stations and prisons, and cases of tampering with the railway track. More such violent deeds will lead to more clashes with the forces of order and engender a general atmosphere of tension, insecurity and lawlessness. This could enable anti-social elements within to raise their head. It could also provide outsiders with an opportunity to fish in troubled waters on the ostensible plea of helping protect human rights in Pakistan or on the ground of safeguarding their own national security. This kind of scenario cannot appeal to the imagination or elicit the interest of any patriotic Pakistani whatever his political differences with the powers that be.

CSO: 4600/894

INDIAN AMBASSADOR CRITICIZED FOR HIS REMARKS

GF031526 Karachi MASHRIQ in Urdu 31 Aug 83 p 3

[Editorial: "Indian Ambassador Should Be Ashamed"]

[Text] Not only the Pakistani Government but various leaders have also strongly criticized the statements of Indian Prime Minister Mrs Indira Gandhi and foreign minister, Mr Narasimha Rao, which are interference in Pakistan's domestic affairs. India has also been officially informed of Pakistan's protests, but the irresponsible remarks which the Indian ambassador made in spite of the official protests are not only a challenge to Pakistan but also to all civilized governments of the world. The Indian ambassador said that it was the policy of his government that India can interfere in the domestic affairs of other countries whenever necessary. The question is who has given India this right? Does it stem from its superior military might? We acknowledge that India has a mighty war machine, but despite this, it does not have the right to run the affairs of other countries as it sees fit. It is also true that India has extended its control over Sikkim, has militarily interfered in Bhutan, has separated East Pakistan from Pakistan, and is putting pressure on the Sri Lankan representative government to let the minority in Sri Lanka form a government, but all this does not mean that whatever India has done so far was the result of its brilliant diplomatic victories. On the other hand, it is due only to the fact that India has taken advantage of the confrontation between the two superpowers. Now however, this confrontation has reached within India itself and, in due course, others will also take advantage of this whenever the opportunity arises. Indian warmongers should understand one thing, that is, the war in East Pakistan was not won by Indian Army but by the Bengali Muslims. This was a quarrel between two brothers and India jumped into it when it became sure that Muslims were ready to cut each others' throats and that the East Pakistanis had made the rear position of the Pakistani Army quite unsafe. They had deprived the Pakistani Army of drinking water and had succeeded in holding up the food convoys. These were the very circumstances which a very strong army of the Germans met defeat in Normandy.

The Indian ambassador should be ashamed because even former Indian Foreign Minister Bajpai has condemned his type of thinking. Our foreign office should find out whether the statements made by the Indian ambassador was an expression of his personal views, or whether he was instructed by his government to

make this announcement. The statements of the Indian prime minister and foreign minister, however, were not so blatant and demonstrated some recognition of diplomatic norms, but the statement of the Indian ambassador is entirely shameful. It is true that Pakistan wants friendship with India but not at the price which the Indian ambassador seems to demand. The Indian ambassador and his government should bear it in mind that if there is peace in the subcontinent, it will be for the good of all the countries in the region. The problem of poverty is at its height in India and it should be India which should be searching for peace. Of course, Pakistan is not a welfare state but compared to India, it is a paradise. Even the poorest man in Pakistan does not go to bed with an empty stomach. He can manage to get wearable clothing and if he does not get meat, he can fill his stomach with bread and curry. The conditions in India are known to all. There are hundreds of thousands of people who cannot get even a single meal a day. These conditions demand that India should not trample upon its neighbors and avoid showing its teeth.

CSO: 4656/255

RATIONALE FOR GREATER REGIONAL INDEPENDENCE SUPPORTED

Karachi JANG in Urdu 9 Aug 83 pp 3, 5

[Article by Irshad Ahmad Haqqani "Distressing Increase in Regionalism and Its Causes"]

[Excerpts] Certain circles here oppose the demands for regional autonomy, citing the need to keep the center strong. First of all, we are only suggesting that the limits laid down for provincial autonomy in the 1973 constitution be observed; nothing more is asked. It is also being recommended that the elected representatives of the people on every level be given the right to run their own affairs. This does not conflict with even the most conservative interpretation of a strong center. Second, the idea that the center should have the right to make all decisions is being discarded. The tendency in enlightened developing countries is to decentralize power because without such decentralization it is not possible to fulfill the wishes of regions and provinces and accelerate their development. What is happening in our neighboring country, India? The states (provinces) in the east, south and northwest are demanding greater freedom of action. In a recent meeting of the chief ministers of provinces not ruled by the Congress Party, proposals for weakening the economic and political hold of the center were discussed. Mr Atal Bihari Bajpai, an important leader of the opposition party, appeared recently on the BBC program "Mizan" and expressed the following views: "Regional parties have always existed and played an important role in India. But the success of the film actor Rama Rao gives the impression that regional feelings are gaining strength in India. During the past 10 or 15 years, power has remained centralized in New Delhi. Because of economic planning and India's political structure, New Delhi has become the main focus of power. Every time the chief minister of a province wants to get a minor plan approved, he has to run to New Delhi. Decisions are made without consulting the public. A government located in a distant place decides the fate of the people. Prime Minister Indira Gandhi has presented the emergence of regional parties as something to be feared because it was politically expedient for her to do so. She wants to prove that these parties endanger the country's territorial integrity. But I am not ready to accept this. India's integrity does not depend on Mrs Gandhi. A former actor (who supports greater [regional] autonomy) is as patriotic as Mrs Gandhi claims to be. The commission appointed by the central government to examine relations between the center and the provinces is in fact intended to hoodwink us."

Mr Bajpai expressed these views concerning a country where the democratic process has not been suspended even for a single day, and where provisions made for regional autonomy in the constitution have always been observed. Furthermore, there is no danger that constitutional rights will be suspended or destroyed in the future because of martial law or any other contingency. Nevertheless, he accepts the importance of regional parties, considers their leaders as patriotic as Mrs Gandhi herself claims to be and supports acceptance of the demands of these parties. There is no need to point out how different our situation is compared with India's from the point of view of democracy and the observance of constitutional laws. Here, the population of one of our provinces is much greater than the total population of the other three provinces combined, and, consequently, a significant portion of the armed forces is composed of the inhabitants of this province. Under these circumstances, it is not surprising if provincial leaders express dissatisfaction in the form of various demands. Is it wise to continue to ignore these demands and call those who make them enemies of the country and separatists?

One often hears another strange argument in this country, namely, that since the Pakistani people and not the provinces were the recipients of the benefits of freedom, the provinces do not have the right to talk of giving such and such a right to the provinces and such and such to the center. It is up to the center to give what rights it pleases to the provinces. This argument is utterly superficial, unrealistic and even dangerous. Apart from the historical fact that each province was individually asked whether it wished to become a part of Pakistan, wisdom dictates that reality be recognized. The provinces are a reality. If, for some reason, one does not accept Baluchi, Sindi and Pathan nationalities, if the new provincial demarcations appear dangerous and contrary to Pakistani ideology and Islam, one can at least accept the provinces as administrative units and give them their desired political and economic rights and responsibilities. Some action should be taken; and it is just possible that after a time the people will be satisfied. Personally, the writer is not afraid of using the word nationalities. The real danger to the country lies not in the use of this or that word but in the lack of democracy and the disregard for established principles of provincial autonomy. If the existence of nationalities is acknowledged and democratic rights are given to them, in just a few years they will become faithful members of the Pakistani family and internal unity will be automatically strengthened. But if we remain afraid of the word nationality and do not allow democratic rights and responsibilities to be handed over and enjoyed, internal unity will be weakened and the sense of nationality, instead of being suppressed, will rise up with a vengeance. The time has come to demonstrate political maturity and discard sloganeering. Unfortunately, certain circles here have not advanced beyond political childhood and have been proving themselves dangerously ignorant of the political attitudes prevalent in the rest of the world. We pray that true democracy will be restored in our beloved country and that our actions will begin to restore the confidence of the small provinces. If we observe the rules of the game, it will be impossible for anyone to follow a course favoring regionalism or separatism. However, if the denial of the democratic rights of the people continues, no resort to Islam, Pakistan's ideology or a strong center will be of any use, and we will not be able to preserve our national integrity. Our greatest fear is that public disappointment with the proposed political structure will provide additional justification for flight from the center and prove an ill omen for the country and the people. Those who occupy the seats of power should not ignore these possibilities for even an instant, for we cannot stand any more mistakes and disasters.

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